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TODAY:
MONEY
Fifty Stocks Page 15

Brazil Floats the Real, Galvanizing Markets

A Surprise About-Face on Currency Policy

By Diana Jean Schemo
New York Times Service

RIO DE JANEIRO — The Brazilian government, reeling under an unrelenting hemorrhage of dollars from its foreign reserves, reversed course and lifted exchange-rate controls Friday, stunning the world community with a move that sent stock markets soaring here and throughout Latin America.

The announcement from Brazil's central bank that it would float the currency came 24 hours after the bank categorically ruled out liberating exchange rates, and appeared to signal at least momentary conflict and disarray over monetary policy at the top levels of government. A senior official of the central bank, Claudio March, whose resignation was announced Thursday, was back in charge Friday.

"The Central Bank of Brazil will not intervene in exchange markets today," the announcement said, adding that "another communiqué in this respect will be released Monday."

Within minutes of lifting exchange controls, the Brazilian currency, the real, plunged, sending the dollar up to 1.60 reals from 1.32 reals on Thursday. The dollar settled between 1.40 and 1.45 reals by the end of the day.

With investors breathing a continent-wide sigh of relief, the Sao Paulo market, which has faced double-digit losses for days, began climbing. The benchmark Bovespa index closed up 32.52 percent, marking a complete recovery from its slide this week and leaving it just 1.22 percent lower for the year.

Markets rose in tandem throughout Latin America, with Argentina's benchmark Merval index closing 12.5 percent higher. Relief also was registered on Wall Street, with the Dow Jones industrial average closing 2.4 percent higher. (Page 10)

One investment analyst said that markets rose on relief that "the other shoe has dropped," and added, "even if fundamental questions of economic policy have not been resolved, at least the world feels comfortable that Brazil won't turn up another \$10 billion in reserves while they dither over the next days and weeks."

Brazil's efforts to protect its economy from the turbulence rolling emerging markets has been a constant preoccupation for Washington and other industrial nations since last summer, when Russia devalued its currency and de-

faulted on some foreign debt payments. Representing more than half South America's population and over 40 percent of its economic output, Brazil was considered the most likely candidate for ushering the troubles of emerging markets to America's doorstep by dragging down economies throughout Latin America.

Two days ago, Brazil's central bank

See BRAZIL, Page 10

2 of Spain's Biggest Banks To Create European Giant

By Al Goodman
New York Times Service

MADRID — Banco Santander SA, the largest bank in Spain, said Friday that it would buy Banco Central Hispano SA, the third-largest Spanish bank, in a deal that would catapult the new entity into the top ranks in Europe.

The 9.71 billion euro (\$11.32 billion) deal would form the second-biggest financial services company, by market capitalization, among the 11 countries that have adopted a single currency. The new bank would be called Banco Santander Central Hispanico, or BSCIH.

Having invested about \$4 billion in Latin America, together they would be the biggest foreign bank in that region. The worldwide assets would total 239 billion euros, and the combined market capitalization now stands at 27.2 billion euros, behind ING Groep NV of the Netherlands, with 47.9 billion euros.

"Putting these two together makes sense," said James Sandison, a director at Edinburgh Fund Managers, which has 11 billion under management and 70 million in Spanish stocks. "It's going to take out a lot of costs."

The banks said they would generate annual cost savings of 601 million euros beginning in the third year.

"There is no doubt that this is the first great banking operation since the start of the euro," the chairman of Santander, Emilio Botin, said at a news conference, flanked by the Banco Central chairman, Jose Maria Aznarategui. The single currency was introduced Jan. 1 and is expected to accelerate con-

solidation across European borders. The terms of the all-stock deal call for Santander to offer three of its shares for every five of Banco Central. The boards of the two banks approved the deal separately Friday.

The combination will solidify Santander's position in Latin America, where it already owns banks in Brazil, Venezuela, Argentina, Mexico, Peru and other countries. The deal also will leave the new bank in a dominant position in Chile, where Santander controls the second-biggest bank and Banco Central owns the largest.

BSCIH would dominate the Spanish retail banking market and lift the Spanish presence on the European banking scene. Banco Santander already owns 5.5 percent of the biggest Italian bank, San Paolo IMI SpA, and is expected to make further purchases in Italy. Banco Central owns 3 percent of Commerzbank AG of Germany and more than 10 percent of Banco Comercial Portugues SA, and it has an alliance with Societe Generale of France.

"The merger will create a giant in Spain and Latin America," said Javier Requena, bank analyst at Benito y Monjardin. "It will also be a very powerful bank in the euro zone."

"The two banks insisted the deal was a merger of equals, but Mr. Botin, 64, said that Santander's shareholders would control 64 percent of the new entity while Banco Central's shareholders would have 36 percent.

The two will be co-chairmen until Mr.

See SPAIN, Page 13

2 Kosovo Monitors Wounded In New Outbreak of Fighting



Two Yugoslav soldiers under sniper fire from the Kosovo Liberation Army taking cover Friday behind a tank turret near the town of Stimlje.

15 Separatist Soldiers Are Reported Killed By Yugoslav Army

By Barry James
International Herald Tribune

PARIS — Fighting flared on Friday in Kosovo Province, where Serb sources said that at least 15 members of the Kosovo Liberation Army had been killed in fighting with the Yugoslav Army.

Two members of the observer mission assigned to monitor the truce in the Serbian province were shot and wounded.

After a sniping attack on the two verifiers, the first time that monitors for the Organization for Security and Cooperation in Europe have come under fire, a spokesman for the organization said, "The mission will be looking at how this happened, how it can be avoided in the future and how this affects the operation."

The mission was set up in October to monitor compliance with United Nations resolutions aimed at separating the ethnic Albanian rebels and the army and at averting North Atlantic Treaty Organization air strikes on Serbian forces.

The chairman of the Organization for Security and Cooperation in Europe, Knut Vollebæk, urged the province's ethnic Albanians to refrain from "provocations," which he said "will only bring suffering to the people of Kosovo." He added that some ethnic Albanians saw the verification mission as an impediment to their aims.

Journalists, some of whom also came under sniper fire, said that Yugoslav forces had shelled three villages near Stimlje, 25 kilometers (16 miles) south of Pristina, the provincial capital.

An unidentified British soldier and a Serbian translator with the observer mission were hit by sniper fire as they traveled in armored cars near Decane, 40 kilometers west of Pristina, a spokesman for the organization said. They were not critically wounded and were taken to a hospital in Pristina.

Ministers from the capital, Belgrade, held their first cabinet meeting in Pristina to emphasize the government's determination to retain control of the province and to assure Serbs, who make up less than 10 percent of Kosovo's population, that they would not be deserted.

The action by Yugoslav troops and police officers appeared to be aimed at reinforcing that message. Serbian sources said that the police were searching for a "terrorist group" that killed a policeman and murdered seven ethnic Albanians who had sided with the government. In a statement after the meeting, the government warned, "All perpetrators of terrorist acts must be punished for the crimes they committed."

The statement reiterated that Kosovo's problems must be solved through dialogue and accused ethnic Albanian leaders of terrorism. "Avoid-

See KOSOVO, Page 4

Thousands of Farmers Clash With Chinese Police

Tax Revolt Points Up Tensions at Local Level

By Elisabeth Rosenthal
New York Times Service

BEIJING — Thousands of farmers demonstrating against local officials have clashed with hundreds of police officers in a town in rural Hunan Province in the latest and perhaps largest in a series of farmer and worker protests around China in the last year.

The main battle, which occurred Jan. 8, left one farmer dead and dozens injured after the police attempted to disperse a huge crowd with clubs and tear gas, said the Information Center of Human Rights and Democratic Movement

in China, a human rights group in Hong Kong. Its account was independently confirmed by local witnesses.

The farmers in Daolin Township, just outside the provincial capital of Changsha, were protesting what they considered to be excessive and arbitrary local taxes levied by corrupt local officials.

In rural China appointed local officials are notorious for imposing arbitrary taxes — school fees, building fees, land use fees, licensing fees — and residents often have little practical recourse but to pay them.

In recent speeches central government leaders have railed against corruption in general and specifically against the tax burden on farmers, which they see as a source of discontent and a grave threat to social stability. President Jiang Zemin has recently stressed the importance of maintaining order at all costs as the country faces an economic slowdown plus a year of important anniversaries, including the 50th anniversary of the founding of Communist China and the 10th anniversary of the killings near Tiananmen Square.

Government television stations and newspapers have featured highly publicized corruption trials and cautionary tales of officials gone bad. And yet corrupt practices continue.

Like other recent protests scattered across China, the demonstration in Daolin seemed to prove the maxim that all politics is local. While the world criticizes China's recent crackdown on human rights and political dissent, the protesters in China have focused on more pedestrian issues: a factory that defaulted on pension payments, an investment company that bilked shareholders, the greed of a corrupt local official, and — as in Daolin — arbitrary taxes.

The incident in Daolin Township, with a population of about 50,000, centered on the activities of an unofficial group established by local farmers late last year and called the Society for

See FARMERS, Page 4

No Minds Seem Changed on Clinton

House Prosecutors Assert That Abundant Evidence Backs Charges

By Brian Knowlton
International Herald Tribune

WASHINGTON — Prosecutors said Friday that a mountain of evidence showed that Bill Clinton committed perjury and obstructed justice to hide his affair with Monica Lewinsky, and they insisted on the need to call witnesses to buttress their case in the presidential impeachment trial in the Senate.

But early indications were that the opening arguments were producing little shift in opinion from the 100 senators sitting as jurors.

"If any president commits the crimes of perjury and obstruction of justice and witness tampering he should not be allowed to remain in office," said Representative Bill McCollum of Florida, the first House Republican prosecutor to make a presentation on Friday.

Allowing the president to keep his office under those circumstances, Mr. McCollum said, "would undermine our courts and our system of justice."

"If you believe the testimony of Monica Lewinsky, you cannot believe the president or accept the argument of his lawyers," he said in a summary of evidence on behalf of the 13 House prosecutors on the second day of their presentation.

Initial reaction from senators predictably followed party lines. A few Democrats praised the House Republicans who

are serving as prosecutors for making effective presentations, but none expressed any change in their belief that Mr. Clinton does not merit removal from office.

"Frankly, I don't think there was anything new," said Senator Byron Dorgan, Democrat of North Dakota. But Senator Frank Murkowski, Republican of Alaska, called the prosecutors' presentation "very meaningful, and very strong."

White House spokesmen said the House Republicans were offering nothing but a display of their political intent to damage Mr. Clinton. "I don't think the founders intended a party that is in the majority in the Congress could remove a president at their whim, based on partisan political differences," said Joe Lockhart, the White House press secretary.

The majority leader, Senator Trent Lott, Republican of Mississippi, said that the Senate would hear opening arguments Tuesday from the White House lawyers before adjourning to walk to the hall of the House of Representatives for Mr. Clinton's State of the Union message.

Speaker Explains Timing on State of Union

Across the Capitol, the House speaker, Dennis Hastert, explained the decision on the State of the Union message in a

See CLINTON, Page 4

Duty-Free Tide Is Ebbing for Europe's Ferries

By Sarah Lyall
New York Times Service

ABOARD THE PRIDE OF DOVER, in the English Channel — The white cliffs of Dover looked particularly fine as the ferry sped toward France, but the tourists, swarming through the duty-free shops on board like locusts on parole, were not interested in the view. They had only 75 minutes. They had to shop quickly.

Andy Garner and John Hall, police officers bound for Disneyland Paris with their families, were stocking up on cigarettes and beer. Margaret Couch and her daughter, Donna Dickman, heading for France for a day's shopping in Calais, were rifling through the designer sweatshirts.

Derek Kerr and his sister, Pauline, were explaining how they could save a bundle on supplies for a wake for their recently deceased father by shopping on the boat and in France, where prices are cheaper, and then coming home.

"We want it to be a festive leaving-taking," Mr. Kerr said, putting a bottle of whisky in his basket.

Not too many years ago, cross-chan-

nel ferries were used mainly for one thing, ferrying passengers between Britain and the Continent. But because of steep competition from airlines and from the trains that run through the Channel Tunnel, the ferries have had to lower their prices drastically, and to look elsewhere for revenue.

Passengers taking trains through the Channel Tunnel cannot shop duty-free. As a result, they have turned into floating duty-free shopping centers, discount malls on the water, places where the channel's famously bad weather and stomach-churning waves are canceled out by the joy of mass spending.

For the consumer, freed from the burden of having to pay the various taxes the government imposes on such luxuries as cigarettes and alcohol, as well as the 17.5 percent value added tax it places on most goods, the savings are impressive — even though each passenger is allowed only a certain amount of alcohol and cigarettes per trip.

According to the Duty-Free Con-

See DUTY, Page 4



Andy Garner and John Hall, British police officers taking their families to Disneyland Paris, stocking up on liquor aboard a cross-channel ferry. Duty-free sales between EU countries will be abolished June 30.

IOC Session To Sweep Up Salt Lake Mess

Compiled by Our Staff From Dispatches

LAUSANNE, Switzerland — The International Olympic Committee said Friday it would hold a special general assembly in March to vote on possible expulsions of members accused of corruption and consider overhauling the Olympic site-selection process.

Juan Antonio Samaranch, president of the committee, said he would convene the extraordinary session of its 115 members March 17 and 18 in Lausanne.

A committee statement said, "This extraordinary session will deal with the final decisions relating to certain members and procedures concerning the host-city election for future Olympic Games."

Mr. Samaranch called the meeting to deal with the bribery scandal surrounding Salt Lake City's winning bid for the 2002 Winter Games, the biggest corruption crisis in Olympic history. Four investigations are under way into allegations that committee members or their relatives got cash payments, scholarships, jobs, medical care, deals on real estate, lavish gifts and other inducements from Salt Lake boosters.

An IOC panel is questioning 13 members about \$600,000 worth of goods and services said to have been provided by Salt Lake City. Committee members and their relatives are not allowed to accept gifts worth more than \$150.

Mr. Samaranch said Thursday that the IOC had sent letters to the 13 members seeking explanations. They have been asked to report back in writing or appear before the six-man IOC panel on Jan. 23.

The panel is to make recommend-

See IOC, Page 18

AGENDA

Clash to Change EU Government

The fight between two of the European Union's key institutions, the Parliament and the commission, could be the beginning of a significant change in the way the 15-nation community is governed.

Observers said that the commission, which is responsible for proposing and enforcing EU legislation, will have to take the 626-member Parliament more seriously after their clash this week in Strasbourg. Page 4.

Finance Chiefs Meet

As Brazil's sliding currency rattled world markets, finance ministers from across Europe and Asia meeting in Frankfurt agreed that such instability had turned into a major problem, but they could not reach a consensus on proposals to curb the destructive volatility in the world's currency markets. Page 9.

Debt Plan for China

Deputy Finance Minister Lou Jiwei said the Chinese government would establish asset-management corporations to deal with the massive bad debt owed to its four biggest banks. But analysts criticized the plan because the corporations would not be able to auction off assets tied to the debt. Page 9.

Books Page 7.
Crossword Page 13.
Opinion Page 8.
Sports Pages 18-19.

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Ciller, Ex-Prime Minister of Turkey, Back on Political Scene as Power Broker

By Stephen Kinzer
New York Times Service

ISTANBUL — Cars were parked two-deep over the weekend outside the waterfront mansion of former Prime Minister Tansu Ciller.

Bodyguards strolled back and forth as they waited for their bosses to emerge from urgent political strategy sessions.

Monday it became clear that the sessions had borne fruit. Mrs. Ciller had once again returned from the brink of oblivion to become one of the most important power brokers in Turkey.

It was a remarkable turnaround, even for a politician already known for her resilience. Only a few months ago, Mrs. Ciller was being investigated on corruption accusations so serious that some

believed that she would not only fall from power but also be imprisoned or forced into exile. Now she is a kingmaker who, in the space of two weeks, has broken one potential prime minister and made another.

A report on the political maneuvering here prepared by Suleyman Tombul, a financial analyst, was headlined: "And the Winner Is... Tansu Ciller!"

Some Turks view Mrs. Ciller, who has denied all wrongdoing, as cynical and mendacious. Others admire her tenacity and ability to defy the political odds.

When she burst onto the political scene in the late 1980s, Mrs. Ciller (pronounced CHILL-er) was widely viewed as a savior. She was young, female and Western-educated, a seemingly perfect

leader for a country eager to be taken seriously as an emerging power.

But her record as prime minister in the early 1990s disappointed many of her supporters. The economy suffered a sharp decline, and death squads emerged as part of the campaign against Kurdish separatists and their supporters.

After being forced from office in 1995, Mrs. Ciller remained chairman of the center-right True Path Party. Last year she and the prime minister at the time, Mesut Yilmaz, her bitter rival, made a deal to support parliamentary motions closing corruption investigations aimed at both of them.

Mr. Yilmaz was toppled in a no-confidence vote Nov. 25, and for a time it looked as if one of the sharpest critics of Mrs. Ciller, Yalim Erez, would suc-

ceed him. She apparently concluded that she had to stop Mr. Erez, because as a former member of her party he had the potential to win party members to his side and perhaps even force her out of the party leadership.

In a maneuver that astonished the political elite, Mrs. Ciller suddenly announced that she would throw her support behind the leftist leader Bülent Ecevit, with whom she has little in common politically.

Mr. Erez's incipient government quickly collapsed, and Mr. Ecevit formed one instead.

Political cartoonists had a field day with this turn of events. One depicted Mrs. Ciller as Brutus stabbing Mr. Erez, dressed as Julius Caesar.

Another showed Mr. Ecevit presiding

over a meeting of his new cabinet, with Mrs. Ciller kneeling under the table and supporting it on her back.

The price of Mrs. Ciller's backing for Mr. Ecevit soon became clear. The man he had chosen as education minister, a strong secularist who had served in the departing government, was given another portfolio at the last moment.

Many devout Muslims detest the minister, Hikmet Uygur, for his policies curbing religious academics and banning head scarves at universities.

During the last election campaign in 1995, Mrs. Ciller, who is in her mid-50s, though her exact age is obscure, ran as a secularist and warned that the Islamic political movement would lead Turkey into "a thousand years of darkness." Soon, however, she joined with Islamic

leaders in a new government and was photographed wearing a head scarf.

Now, evidently eager to win votes from practicing Muslims, Mrs. Ciller can claim to be the figure who deposed a secularist education minister.

"By forcing the replacement of Uygur, she will now be able to say at rallies, 'I am the one who removed the minister who shut down religious academics!'"

One newspaper columnist wrote: "As further conditions for her support, it of Mr. Ecevit, she also persuaded him to replace the ministers of justice and transportation with allies of hers."

"She had been on the defensive, and she launched a very shrewd and successful counterattack," said Asaf Sayas Akat, an expert on Turkish politics who teaches economics at Bilgi University.

Bonn and Paris Squabble Over Nuclear Waste

Reuters

PARIS — A major dispute loomed between Paris and Bonn as Germany on Friday rejected paying compensation if it were to end lucrative waste reprocessing contracts with French companies in a review of its nuclear energy policy.

"There is no legal basis for compensation," the German environment minister, Jürgen Trittin, told a news conference after talks in Paris with his French counterpart, Dominique Voynet. The two met to discuss the German government's plan to phase out nuclear energy gradually.

Mrs. Voynet, a member of the Greens party, said the French government had not yet decided its position on the issue of compensation. She said a bilateral commission would study how contracts would be suspended.

But senior French officials made it clear France would demand that Bonn stick to the contracts or pay compensation. Germany does not have its own reprocessing plants.

German contracts running until 2010 with the French state-run reprocessing company Cogema account for an estimated 20 percent of the company's capacity and total 30 billion francs (\$5.3 billion).

"Germany must keep its commitments," Claude Allegre, the minister for education, research and technology, told Europe 1 radio. "The French government will be very firm on this."

"Contracts have been signed," he said. "These contracts must be respected. This is the way to behave under international law."

Mr. Trittin, who is a member of Germany's Greens, is expected to present a nuclear bill to Parliament by Jan. 27. The nuclear shutdown would include a ban on exports of German nuclear waste to France and Britain for reprocessing.

Mr. Trittin said that under the plan Germany would take back all nuclear waste it has shipped to France, which Cogema has estimated at more than 800 tons.

Earlier, a glitch emerged in the German plan when the Greens and ruling Social Democrats failed to agree on a timetable for phasing out reprocessing. Chancellor Gerhard Schröder, concerned a pullout could put German firms in breach of contract with reprocessors at Cogema's La Hague plant and Britain's Sellafield site, insisted the plan should be delayed by a year, a plan the Greens have accepted.

Companies Question Timetable

German energy companies Friday criticized as too hasty and costly the government's one-year timetable to end reprocessing abroad, Agence France Presse reported from Bonn.

"The ban on reprocessing depleted fuel a year from now could threaten the operation of atomic plants," three top nuclear energy industrialists said in a letter published by the daily Bild.

The heads of the conglomerates VAE Energie AG, Veba AG and RWE warned Mr. Schröder's coalition against "fait accompli" policies that could make "the chances of compromise become too slim."



HOT JOB IN ATHENS — A policeman fighting the flames after a firebomb was thrown during a demonstration Friday by students protesting education changes. No police officers were seriously hurt.

Ecevit Warns U.S. on Use Of Turkish Base for Iraq

By R. Jeffrey Smith
Washington Post Service

ANKARA — Prime Minister Bülent Ecevit of Turkey has sharply criticized U.S. policy toward Iraq and warned that escalation of the U.S. confrontation with Baghdad could undermine support here for American use of a Turkish air base central to enforcement of the "no-fly" zone over northern Iraq.

Mr. Ecevit said he favored lifting some economic sanctions against Iraq, the first such statement by a Turkish leader since the sanctions were imposed following Iraq's 1990 invasion of Kuwait. Even so, Mr. Ecevit acknowledged that President Saddam Hussein had become increasingly provocative since the United States and Britain launched four days of air strikes against Iraq last month.

Mr. Ecevit, 73, took office on Monday, ending a six-week political crisis, and faces a vote of confidence in Parliament for his cabinet on Sunday. He will lead a largely caretaker government until new parliamentary elections scheduled for April 18.

Speaking in an interview on Thursday, Mr. Ecevit expressed concern that recent U.S. efforts to force an alliance between the two principal Kurdish groups in northern Iraq may lead to a partition of Iraq and the creation of an independent Kurdish state on Turkey's border. Turkey has been fighting a 14-year battle against Kurdish rebels in southeastern Turkey.

In a sign of the growing distance between Turkish and U.S. policy, a senior State Department official traveled to northern Iraq this week for a meeting with Kurdish leaders to encourage their efforts against Mr. Saddam. The visit was part of a congressionally mandated

U.S. effort to determine whether the opposition groups pose a viable threat to the Iraqi leader and are thus eligible to receive a portion of a \$97 million fund created by Congress last year to help undermine the Iraqi government.

Although Mr. Ecevit's grip on power is weak, his hard-line views on the Kurdish issue reflect a broad consensus among politicians in Ankara.

Turkey has been complaining for years that the trade sanctions against Iraq have cost it billions of dollars, but Mr. Ecevit's call for letting more trade resume comes when many other countries have grown weary of maintaining the embargo.

Somewhat more problematic for the Clinton administration is Mr. Ecevit's expression of concern about what he called an escalation of the confrontation between U.S. and Iraqi military forces, which he said both sides had provoked.

Since last summer, U.S. policy in northern Iraq has been to encourage the longtime rival Kurdistan Democratic Party and the Patriotic Union of Kurdistan to form a loose alliance that will "deprive Saddam of the chance to reassert control" in northern Iraq, according to a senior U.S. official here.

The United States helped foster the cooperation by promising to come to their aid if Iraqi forces try to regain control of the area they now hold, a promise that it may have difficulty carrying out without access to the Incirlik base.

Mr. Ecevit, speaking of the recent clashes between U.S. warplanes and Iraqi air-defense systems and the continued U.S. use of Incirlik, said, "Thus far, the clashes have not created any serious problem, but they may create problems if the escalation continues."

Outspoken Bavarian Premier to Lead Christian Social Union

Agence France-Presse

MUNICH — The conservative Bavarian state premier, Edmund Stoiber, who prefers traditional lederhosen to a suit and tie, takes over Saturday as head of Bavaria's ruling party in a move that could lead him to the chancellorship.

Mr. Stoiber, 57, who has led the state government since 1993, will be elected at a special party congress to succeed the former finance minister, Theo Waigel, as president of the Christian Social Union.

It will automatically make him a rival to Wolfgang Schäuble, the leader of the Christian Democratic Union — the

Social Union's sister party — as the parties choose a candidate to oppose Chancellor Gerhard Schröder in the 2002 elections.

Mr. Schäuble succeeded former Chancellor Helmut Kohl as head of the party last year after the latter's defeat in general elections. He said he could easily envisage Mr. Stoiber as a candidate for the top government post.

Mr. Stoiber denies any such ambitions. "The leader of the opposition is Wolfgang Schäuble," he said recently.

Mr. Stoiber had also maintained until last September that governing Bavaria

was his life's work.

But that month he challenged Mr. Schröder and won an unexpected victory for the Social Union in the Bavarian general elections on Sept. 13. It was a personal triumph for Mr. Stoiber but not enough to keep the Christian Democrats in power in elections in the rest of the country two weeks later.

Emerging from the wreckage, the Social Union now claims to be the spearhead of the opposition, attacking the Social Democratic Party's policies on immigration, the easing of tough national criteria, the introduction of the

euro, and relations with the Communists.

Mr. Stoiber pulls out punches, comparing proposals to allow double nationality to the terrorism of the Red Army Faction guerrilla group in the 1970s and '80s.

Mr. Stoiber's election Saturday by 1,000 Social Union delegates is a formality, but his progress beyond that is less certain.

The uncontested ruler in Bavaria, where high-tech industries flourish alongside lederhosen, Mr. Stoiber could find that in the rest of Germany he is unmarketable.

TRAVEL UPDATE

Moscow Metro Cards

MOSCOW (AFP) — It was the end of the line for Moscow's metro tokens Friday as the subway system makes way for an era of automatic cards from Feb. 1.

Moscovites have two weeks to use their last tokens before the 4-ruble (18 U.S.-cent) disks become obsolete. As of Jan. 1, fares for a 60-journey card cost 120 rubles, and monthly bus-and-metro card 260 rubles.

The U.S. State Department has warned Americans against travel to Angola because of renewed fighting and violent crime there. (AP)

The P&O Stena Line ferry company, facing strong competition from the Channel Tunnel, on Friday said it planned to end its Newhaven-Dieppe service linking France and Britain at the end of the month. The last day of passenger service will be Jan. 31. (AFP)

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and *Tanya*, daughter of Mr. Godfrey Bilton, of Monte Carlo, Monaco, and Mrs. Anne Passey, of Henley-on-Thames, Oxfordshire, United Kingdom.

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Europe	London	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Paris	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Rome	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Moscow	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Stockholm	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Helsinki	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Berlin	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Amsterdam	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Brussels	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Frankfurt	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
North America	New York	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Los Angeles	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Chicago	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	San Francisco	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	London	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
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	Bangkok	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
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	Delhi	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Mumbai	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54
	Calcutta	10/11	54/58	48/52	11/12	55/59	49/53	12/13	56/60	50/54

Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, snow, fog, ice, etc.

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Jan 16 1999

Clinton's Prosecutors Pin Hopes on Senate Approval of Witnesses

By Allison Mitchell
New York Times Service

WASHINGTON — The arguments of the House "managers" of Bill Clinton's impeachment trial, on one level, were about what the evidence against the president already showed, but the strong subtext was that they could not win their case without more evidence, from live witnesses.

As they faced their opening arguments in the Senate on Thursday with colored charts, videotape, a litany of facts and a studied deference to the upper chamber, they were also fighting to keep a majority of the Senate from repudiating the whole House impeachment process by voting later this month to end the trial abruptly or to

disallow witnesses. Indeed two of the House managers spoke in almost identical terms.

"So who is telling the truth?" one of them, James Rogan, Republican of California, asked rhetorically. "The only way to really know," he responded, "is to bring forth the witnesses, put them under oath, and give each juror, each member of this body, the opportunity to make that determination of credibility."

NEWS ANALYSIS

The other, Asa Hutchinson, Republican of Arkansas, posed two questions: "Can you convict the president of the United States without hearing personally the testimony of one of the key witnesses?" and "Can you dismiss the charges under this strong sense of facts and circumstances without hearing and evaluating

the credibility of witnesses?"

Their determined message emphasized how — despite the day's judicial air, reinforced by the presence in the Senate chamber of Chief Justice William Rehnquist in his black robe — the impeachment trial of the president was not a straightforward legal proceeding that would necessarily move automatically to the standard calling of witnesses and cross-examination.

Nor is this a jury quite like any other. Far from being sequestered from the passions of the day, these are 100 senators well aware of public impatience with the Monica Lewinsky case. Just this week, Senate Republicans sat in a closed-door meeting examining polling data that showed that a majority of voters opposed Mr. Clinton's impeachment and that the approval

ratings of the Republican Party had sunk after the House vote to impeach Mr. Clinton.

Discussing the data underscored the fact that some senators, particularly those up for election in 2000, were likely to consider not only the facts of the case but how their votes would affect their own political survival. And many senators of both parties were desperate to maintain the dignity of their chamber and to keep impeachment from propelling them into the same kind of fierce partisanship that, they say, sullied the House.

House Republicans had as their primary goal Thursday to win a back-to-back series of Senate votes set for the week of Jan. 24: one on whether to adjourn the case after opening arguments and one on whether to allow the deposition of witnesses.

While they are thought to have only a long

shot at best at assembling the 67 votes needed to remove Mr. Clinton from office, they believe their chances will be improved if a parade of witnesses can either sway the country or cause more senators to take a second look at the charges that the president obstructed justice and committed perjury.

So far, no one knows how the Senate will answer the House's call for a cast of witnesses beginning with Ms. Lewinsky. Senator Ted Stevens, Republican of Alaska, said he had been persuaded to vote for witnesses. But even Mr. Stevens had no doubt that the ultimate case against the president was unlikely ever to succeed. "I think too many minds are made up already," he said. "I don't think you'll see it change."

White House Is Silent As Charges Are Heard

By John F. Harris
Washington Post Service

WASHINGTON — An hour before senators began hearing the case that President Bill Clinton is a lawbreaker, he was standing in the gymnasium at the Alexandria, Virginia, police headquarters making the case for his credentials as a law enforcer.

He was ready with good-news statistics about violent crime rates going down as police hires go up — in part a consequence, he contended, of the crime bill he promoted to a close-call passage in his first term. But Mr. Clinton said he did not want to boast: "I would rather say less and do more."

That may be a credo this loquacious president has sometimes had trouble following, but he and his aides were following it Thursday on the one subject that hung over his day like the icy rain outside. Mr. Clinton did not watch his impeachment trial, and uttered nothing publicly all day about it.

Even his famously aggressive White House staff, for the most part, let the extended Senate floor assault on Mr. Clinton's conduct and integrity pass without commentary. The news briefing by the White House press secretary, Joe Lockhart, which otherwise would have occurred just as House prosecutors were starting opening arguments, was canceled.

No one at the White House tried to put a business-as-usual face on during an unusual day. It was just that, in a turn of plot that was itself unusual, the White House decided there was little constructive to say. The plan is to have Mr. Clinton say nothing about impeachment and, so far as possible, for his aides to do the same, while proceedings on the Senate floor are taking place.

It is a strategy — no public cam-

paigning, only tepid behind-the-scenes lobbying — that makes sense as a matter of politics and law, say some Clinton advisers, but nonetheless goes against the instincts of a president whose usual practice has been to lead the fight himself on ethical controversies. On the most critical battle of his political life, Mr. Clinton has been consigned to passivity.

"It's brutal," said one Clinton adviser, a former senior administration official. "He really has to bite his tongue. He knows he's good, his persuasive abilities are his greatest strength and he wants to use that on his own behalf."

A White House official said of the opening of the case against Mr. Clinton in the Senate: "We don't want to be in the business of providing theater criticism."

"We want to do everything we can to make the case in the court of the public opinion," the official said, "but we're not going to do anything that hurts our case in the court of the Senate."

The White House is on warning that its public comments are not particularly welcome in the Senate. Several Democrats, according to administration and congressional officials, warned the White House that the president's cause would be hurt by anything that looked like public campaigning in an already politicized case.

Mr. Lockhart said he had canceled the press briefing for logistical reasons more than political ones. At 1 P.M., White House reporters would want to watch the opening arguments, and there was no time later in the day, Gregory Craig, one of the president's lawyers, made a one-minute statement, avoiding a broad rebuttal to the Republican case and instead focusing narrowly on a single comment that he said was untrue.



A CUBAN WELCOME — President Fidel Castro of Cuba greeting President Andres Pastrana of Colombia, left, as he arrived in Havana on Thursday. Mr. Pastrana is on a three-day official visit.

Higher Tax on Cigarettes Sought for New Spending

By John M. Broder
New York Times Service

WASHINGTON — The Clinton administration plans to propose a federal tax increase of 55 cents a pack on cigarettes to help pay for new domestic and military spending programs, according to White House and congressional officials.

The new tax, if enacted, would raise \$8 billion a year over the next five years and would be used to help pay for a host of new social initiatives that the president has announced during the last two weeks, including expanded after-school programs, support for disabled workers, hiring of more police officers and a tax credit for people requiring long-term medical care. The money would also help offset \$100 billion in new Pentagon spending over the next six years.

The president has not announced how he intends to pay for these programs, promising that the details would be provided in the budget he submits to Congress on Feb. 1. But the White House has long signaled its intention to seek more money from tobacco, and officials confirmed a report in The Wall Street Journal on Thursday that Mr. Clinton will propose the tobacco tax, which is now at 24 cents, as part of a

package of tax increases and loopholes-closings that the administration intends to push to pay for new programs.

Mr. Clinton plans to discuss in the State of the Union address next week his administration's efforts to reduce smoking by teenagers, including the proposed tax increase to make cigarettes too expensive for some potential smokers.

But the money to be raised by the new levy would not be designated solely for anti-smoking programs, but rather to pay for a range of social initiatives, according to a senior White House official.

Mr. Clinton is attempting to tap the tobacco industry for the second time in a year. In last year's budget, he assumed that the federal government would collect \$65 billion over five years from a proposed national legal settlement with the tobacco industry. But the national pact died in the Senate and the administration realized none of the anticipated revenue.

The administration hopes to claim some of the \$206 billion the industry agreed late last year to pay 46 states to settle dozens of outstanding lawsuits filed by the states seeking reimbursement for health-care costs caused by smoking. Officials are considering withholding a portion of state Medicaid reimbursements to recoup part of the federal share of the expenses of smoking-related diseases.

Cigarette companies raised prices by 45 cents a pack to pay for the settlement with the states, driving the price of cigarettes to more than \$3 a pack in most markets. The administration's 55-cent increase would be in addition to the industry's price increase and would more than double the federal tax on cigarettes, which is already scheduled to rise to 39 cents a pack in 2002.

Away From Politics

• Health officials hoped to vaccinate several thousand people in Duluth, Minnesota, to contain an outbreak of the bacteria that cause meningitis. Four people have been hospitalized with the bacteria this week. (AP)

• Doctors know too little about the health of lesbians, says a new study that

urged the government to rectify a lack of research on the health needs of these women. The government had asked the Institute of Medicine, an independent science organization, to investigate lesbian health. (AP)

• Pentagon officials say all computer systems critical to U.S. national de-

fense, including those linked to nuclear weapons, will be safe from program bugs before 2000. "We will be 100 percent ready by the end of the year," Deputy Defense Secretary John Hamre said. As of Dec. 31, 1998, the Pentagon had certified that 81 percent of "mission critical" computer systems were ready, he said. (AP)

POLITICAL NOTES

To Clap or Not to Clap? Gephardt Seen Staying

WASHINGTON — With President Clinton planning to deliver his State of the Union address to a joint session of Congress on Tuesday night, many Republican lawmakers are wrestling with how to demonstrate respect for the office of the presidency without endorsing the conduct that prompted them to impeach the chief executive in December.

Even Christopher Shays of Connecticut, one of a handful of Republican House members who voted against impeachment, voiced concern about whether he could afford to be caught on camera clapping when the president announces a policy initiative he supports.

"From a selfish standpoint," Mr. Shays said, "I just wish he wouldn't do it."

Senator Phil Gramm, Republican of Texas, said, "I think basically that it's inappropriate to adjourn a trial to bring the jury over for a re-rally for the accused. I think it puts us in a very difficult position, and I'm sure it's going to be a very difficult night."

The timing is particularly difficult for some because Mr. Clinton's lawyers are to start mounting his defense on the same day. Senate Republican leaders rebuffed a White House proposal to stop the trial a day for the speech. Many Democrats intended to turn out and cheer Mr. Clinton. Representative Eliot Engel of New York said it was "more important than ever to be there for the president."

A few Republicans have decided to skip the address. Representative Tom Coburn of Oklahoma said he would remain in his district. "The timing is wrong right now," he said. "I don't think it hurts the nation one bit to delay it two or three weeks."

Mr. Shays said he would be present for the speech but stay far from cameras. (WP)

Quote/Unquote

WASHINGTON — Representative Dick Gephardt, the House minority leader, seems poised to forgo a run for president, trying instead to get more Democrats elected next year so that he can become speaker.

Mr. Gephardt, a 12-term Missourian, has given himself until the end of January to announce his decision. His aides say he has not made up his mind, but all signs point to his staying in the House.

It now appears evident that he all but arrived at that decision when the Democrats unexpectedly picked up five House seats in November. But the impeachment proceedings against President Clinton complicated and delayed a final determination.

Despite Mr. Gephardt's years of preparation for a presidential run, he remains well behind Vice President Al Gore in fund-raising, organization and public-opinion polls.

At the same time, the November elections put Democratic chances of recapturing the House tantalizingly close: only six more seats. Mr. Gephardt already has redeployed two aides from working on a presidential run to the Democratic Congressional Campaign Committee. (NYT)

Retired General Colin Powell, saying he was comfortable with his decision to remain in private life and referring to Michael Jordan's announcement that he was "99.9 percent" sure he would not play basketball again: "I found Michael a little wishy-washy. He said 99.9 percent. I'm more sure than that. I have been comfortable with it from the day I made it, 100 percent." (AP)

Bonn to Compensate U.S. Citizens

The Associated Press
BONN — Germany on Friday confirmed an agreement with the United States to make compensation payments to Americans imprisoned in Nazi concentration camps who have so far received nothing.

The agreement was reached in December, the government press office said in a statement. Citing a confidentiality pact with U.S. officials, the statement did not give the amount of total or individual compensation, nor did it say how many people were affected.

The newspaper USA Today, citing parties involved, reported that 235 Americans were to receive one-time payments of between \$30,000 and \$250,000. U.S. authorities will distribute the payments. The total sum to be paid still must be approved by German financial authorities.

The statement said the agreement was based on a 1995 U.S.-German compensation accord establishing that Germany would remunerate U.S. citizens who had been excluded from any compensation payments "for formal reasons." The statement did not elaborate.

The German government and German companies are under increasing pressure to settle outstanding compensation claims, both moral pres-

sure from Jewish organizations and legal pressure from lawsuits in the United States. However, most recent cases have involved former slave laborers and Nazi victims who lived in the Communist countries of Eastern Europe after World War II.

Germany's new government has agreed to administer the funds for both groups.

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EU Commission Needs to Keep an Eye Out for the Parliamentary Wolf

By Barry James
International Herald Tribune

STRASBOURG — The bruising fight this week between two of the European Union's key institutions, the Parliament and the commission, could be the beginning of a significant change in the way the 15-nation community is governed.

Observers said that the commission, which is responsible for proposing and enforcing EU legislation, will have to take the 626-member Parliament more seriously. The Parliament is up for direct election across Europe in June, and several members said that by locking horns with the powerful commission, the assembly would be able to raise its profile with the electorate.

In threatening to censure the commission over allegations of graft and mismanagement, the Parliament gave the executive body a serious fright. Had the motion passed, all 20 commissioners would have had to resign.

Most members of the two major political groups, the Socialists and the Christian Democrats,

backed away from this abyss. Nevertheless, several smaller parties pressed on with the attack, and a censure motion was voted Thursday, winning the unexpectedly large support of 232 members.

However, the motion failed to receive the two-thirds majority of sitting members needed to dismiss the commission.

It was the fifth time that the deputies had attempted to censure the commission, but never before had the opposition been so widespread.

After the vote, the Parliament's president, Jose Maria Gil Robles of Spain, was asked if the failure of the censure motion was not yet another example of parliamentary toothlessness. He replied that critics of the commission had often cried wolf, but nothing had ever happened. "This time, the wolf came but it has still not bitten," he said. "Next time, it will bite. Its teeth are there and ready to bite."

The fraud and mismanagement charges are nothing new. The EU's court of auditors has repeatedly shown how EU institutions waste

taxpayers' money. The Parliament, in which members have for years engaged in an almost institutionalized system of fiddling expenses, has not been immune from the auditors' rebuke.

What was really at stake here was the Parliament's position vis-à-vis the commission. For months, the commission has stonewalled or fobbed off questions about alleged graft and incompetence. It enraged many in the Parliament last month by suspending an official who made public documents suggesting that the commission had covered up cases of financial wrongdoing.

There was thus a widespread desire to teach the commission a lesson. Many members of Parliament were frustrated by their inability to sanction certain commissioners, particularly Edith Cresson of France and Manuel Marin of Spain, who headed departments in which alleged fraud had taken place.

Mr. Gil Robles said he would seek a change in the EU treaty to enable Parliament to call a vote of confidence against individual commissioners. The debate showed the unwieldiness of a situation in which Parliament can express its displeasure by voting a motion of censure only against the entire commission.

Jacques Santer, the president of the commission, appears to have seriously miscalculated the Parliament's anger. Last month it refused to approve the commission's accounts for 1996 because of what it considered an inadequate response to cases of alleged financial wrongdoing or mismanagement that occurred in that year. Mr. Santer responded by telling the Parliament to support the commission or remove it, a gamble he came unexpectedly close to losing.

Mr. Santer has had to accept a parliamentary demand for an independent committee of management and accounting experts to review the commission's procedures. In a couple of months, right around the time that EU governments are to meet in Brussels, the Parliament will again review the question of the 1996 accounts, and the corruption issue could blow up all over again. As many members of Parliament see it, this commission is on probation.

Mr. Santer, in contrast, said he interpreted the vote as a gesture of confidence.

The Parliament now appears likely to become a more powerful player in the triumvirate of institutions that rules the EU: it, the commission and the council, representing governments. Originally only a consultative body, Parliament now shares powers of decision in several areas. It holds quarterly meetings with the European Central Bank. And, once the Amsterdam Treaty comes into force this year, it will have the power to veto government nominations for the next commission.

The Parliament insists that the commission must become more "democratically accountable." How far it succeeds in imposing its will could depend to a large extent on the June election.

In the past, parliamentary elections have aroused little more than apathy among mass voters. Now, political parties are hoping that the tussle with the commission will help them to roll out the votes and help the Parliament fulfill its role as the people's voice in Europe.

CLINTON: No Minds Seem Changed in the Senate

Continued from Page 1

letter to House members, news agencies reported. The schedule would be kept "out of respect for the office of the presidency and for a desire to hear about the state of our nation," Mr. Hastert said. Some Republicans had suggested that the speech be canceled, while Democrats had urged that the trial be postponed for a day to avoid an awkward juxtaposition of the two events.

The second full day of the trial seemed to capture less of the nation's interest. Major television networks that carried the start of Thursday's session did not do so across the nation Friday. The Senate gallery, packed on Thursday, was three-quarters full.

Senators returned to the Capitol still mostly divided along party lines on the crucial issues of calling trial witnesses and whether Mr. Clinton should be removed from office. The Senate minority leader, Tom Daschle, Democrat of South Dakota, said the president would not come to testify, and he called Republican suggestions that Mr. Clinton do so "a nonissue."

Senator Edward Kennedy, Democrat of Massachusetts, called the House prosecutors' case an "effective presentation" but added that so far he believed the case "would not rise to the level that was thought to be the standard by our founding fathers" for removing a president from office.

Outside the chamber there was much discussion of potential witnesses.

"I'm in favor of having witnesses if they can shed light," said Senator John Chafee of Rhode Island, a moderate Republican. The White House had hoped would join Democrats in opposing the calling of witnesses.

"I think we can do it in an effective way," Mr. Chafee said in an interview with CNN just before the trial resumed. "Have them stick just to the narrow points. We don't want them wandering all over the place. We don't want an army of witnesses, but I think a few would be helpful."

Mr. Clinton addressed a "reinventing government" forum at the State Department before flying to New York on Friday to announce an economic initiative that is designed to encourage investment in underserved inner-city and rural communities.

Mr. Lockhart, the White House spokesman, said the president received a 10-to-15 minute "rundown" from his lawyers Thursday night on developments in the trial's first day. Mr. Lockhart attacked the case as presented so far.

"There's no testimony that proves the president committed perjury," he said. "There's no testimony that proves the president obstructed justice. In fact, there is direct testimony to the contrary."

Representative Ed Bryant, Republican of Tennessee, said his fellow House prosecutors would be interested in calling "three to eight" witnesses. "It's the usual people. No surprises," he said. Among those that have been mentioned are Ms. Lewinsky, the president's friend Vernon Jordan and the Oval Office secretary, Betty Currie.

Repeatedly, Mr. McCollum, one of the House prosecutors, called the case against the president and the conclusions his Republican colleagues had drawn "common sense" and "logical." And he repeatedly attacked the president's likely defenses on the key events that the prosecutors say were acts of obstruction of justice.

Focusing on efforts to find Ms. Lewinsky a job, Mr. McCollum said the president's lawyers were likely to argue that she was looking for a job in New York a long time before the president had reason to believe she would become a witness against him.

"There's no question about that," Mr. McCollum said. "The question is whether or not the president intensified his efforts to get her a job and make sure she got one after it became clear to him that he would need her to lie."

Mr. McCollum cited some of the more lurid details of Ms. Lewinsky's testimony about her sexual contacts with Mr. Clinton, each time contending that her version of events was correct and that "the evidence indicates that he lied." One time the lawmaker called Mr. Clinton's alleged perjury before a grand jury "big time." (AP, Reuters)

Partisan Disputes Resume Off Floor

Eric Schmitt of The New York Times reported earlier:

Senate Democrats and Republicans, who sit silently in their chamber seats during the impeachment trial, resumed their verbal brawl off the Senate floor over whether to call witnesses, imperiling a fragile bipartisan pact.

Democrats accused Mr. Lott on Thursday of double-crossing them by directing a small group of Republican senators to meet secretly with the House prosecutors and help them devise criteria for determining whether witnesses would be called.

All 100 senators agreed last week to postpone a vote on whether to call witnesses until later this month, after presentations from the House managers and the White House.

Some Republicans shot back that Democrats had deliberately rebuffed a belated invitation to join the talks as part of a strategy to sharpen the partisan divide over witnesses and to paint the Republican-controlled Senate as being as hostile as the House is toward Mr. Clinton.

The witness issue remained central. Even as the House managers wove appeals to permit witnesses



GOING BY THE NUMBERS — Young Japanese women phoning friends as they left a coming-of-age ceremony Friday in Tokyo. The number of Japanese who turned 20, the age considered adult, in the year leading up to the rite declined for the fifth year.

throughout their oral arguments to the senators Thursday, they made the same point in a detailed rebuttal to the trial memorandum that the White House filed Wednesday.

To the extent that the president's trial memorandum "raises issues of credibility, those issues are best resolved by live testimony subject to cross-examination," the House brief said.

Whatever frail cooperative spirit created from an unusual joint caucus Friday seemed to be hanging by a thread, especially after some Democrats also assailed Republicans for acting complicitly in the House managers' decision this week to approach two potential witnesses, Ms. Lewinsky and Kathleen Willey, about their possible testimony.

Senator Patrick Leahy, Democrat of Vermont, voiced concern that the Republican-only meetings could undermine the Senate's earnest attempts to

avoid the clashes that split the House. "This could lead to our making the same awful mistakes that the House made," he said.

As Republicans defended both the meetings with the House managers and the prosecutors' decision to set up informal talks with Ms. Lewinsky and Mrs. Willey, the senators who met with the prosecutors were divided over whether the gatherings should continue.

But Senator Jeff Sessions, Republican of Alabama, said: "This is a tempest in a teapot, and I consider it over. I don't think there's any further need to meet." He said the Republican senators, including Arlen Specter of Pennsylvania and Jon Kyl of Arizona, had made clear to the House managers that they needed to winnow their wish list of 15 witnesses, and focus on those witnesses who could resolve conflicting testimony.

KOSOVO: Fighting Flares

Continued from Page 1

ance of a political dialogue on the side of certain Kosovo Albanian representatives who do not wish for a political solution and who obstruct the political process directly incites crimes by terrorist gangs," it said.

Verifiers were not present at the scene of the fighting on Friday and the 15 reported deaths could not be independently confirmed. If the figure is accurate, it would be the highest death toll since border guards said last month that they had killed 36 separatist smuggling arms from Albania into Kosovo. The violence dashed hopes that the Kosovo Liberation Army's decision on Wednesday to release eight captured Serbian soldiers might have quelled tensions.

General Wesley Clark, NATO's supreme commander in Europe, warned in Sarajevo that "very wide-scale fighting" could break out in Kosovo with the onset of warmer weather in spring unless a political solution was reached.

"Both sides are preparing for the conflict should negotiations fail," he said. "As we look toward the spring, whatever see is a continuing risk that conflict will return to unacceptably high levels."

General Clark, visiting troops with the NATO-led Stabilization Force in Bosnia, said that there were ominous signs that President Slobodan Milosevic of Yugoslavia was "possibly preparing for a wide-scale offensive."

The Albanian daily newspaper Koha Jone said, meanwhile, that Albanian Army tanks moved to the north of the country after reports that Belgrade had threatened to attack Albania.

Albania rejected Serbian accusations that it was harboring separatists on its territory. "The Albanian government declares that in Albania there are no terrorists or terrorist bases, only innocent Albanians whose homes were burned by Serb soldiers and policemen," a spokesman said. It accused Serbia of planning broad new action in the province.

More than 1,000 people have been killed since Mr. Milosevic launched a crackdown in February to crush Kosovo's separatists.

AMERICAN TOPICS

Don't Expect Privacy in the Workplace

American law provides considerable protection to privacy in the home. But the same is far from true of the workplace.

More than 40 percent of U.S. corporations engage in some intrusive employee monitoring, according to a survey by the American Management Association. This can include checking of e-mail, voice mail and telephone conversations, recording of computer keystrokes, and video recording of job performance, reports Scientific American. Fifteen percent of corporations conduct psychological testing of employees, while 1 percent do genetic testing.

At the same time, many employers are not as closed-fisted about their uses of the information they glean as privacy advocates would like.

One quarter of Fortune 500 companies surveyed by

two University of Illinois researchers released confidential employee information to government agencies without a subpoena; 70 percent gave the information to credit grantors. Yet, three-fourths of companies would not allow employees to sue supervisors' evaluations of their own performance.

Courts have generally backed such practices, saying companies have legitimate concerns with preventing theft, raising productivity and preventing corporate spying. Only a few states have banned random drug testing, genetic tests and video surveillance in lockers and bathrooms. Yet no state offers strong protection to workers using e-mail or the telephone, and none bans intrusive psychological testing. Proposed federal legislation to give workers greater privacy protections was shelved in 1994.

Short Takes

An archeological dig in downtown Miami has yielded intriguing remnants of what appears to be a sacred ceremonial ground of a long-vanished tribe. The mystery of just what once lay at the spot, at the mouth of the Miami River, has drawn psychics, chanting Buddhist monks and mystics with divining rods, reports the Los Angeles Times.

After a 1930s-era apartment building was razed

last summer, an archeologist hired by the developer found that the limestone bedrock contained more than 200 holes that formed a perfect circle with a 38-foot (11.5-meter) diameter. In depressions within the circle, diggers found six heads of basil, not native to the area. Holes outside the circle form an east-west axis corresponding to the sun's apparent movements, suggesting the site could have been an astronomical observatory, perhaps 500 to 800 years ago. Given the value of Miami real estate, archeologists know they have little time to document the site; they hope to be able to cut out pieces of rock and preserve it elsewhere. Meanwhile, members of a local UFO cult say the explanation for the circle is obvious: The holes could match up with the landing gear of a flying saucer.

Hospitals in many parts of the country have had to postpone elective surgery as the recent harsh winter weather worsened the usual post-holiday blood shortage. A stockpile of three or four days' worth of blood is typical, but half of U.S. blood banks now have less than a one-day supply, according to the National Association of Blood Banks.

Brian Knowlton

DUTY: Tide Ebbs for EU Tax-Free Shops

Continued from Page 1

federation, an industry lobbying group, a carton of 200 Silk Cut cigarettes, which would cost \$52.70 in a normal British store, costs \$52.30 on the ferry. A liter bottle of Gordon's gin sells for \$13, down from \$25.25.

But the \$1.6 billion-a-year British duty-free industry may well be living on borrowed time. Eight years ago, the European Commission decreed that as part of the European Union's drive toward harmonization, it would eventually abolish duty-free shopping between European countries.

If the commission makes good on its pledge, while passengers to countries outside the European Union would still be able to buy discounted perfume, chocolates and handbags, those traveling within Europe would see such opportunities disappear in a flash.

No more discounted Hermes scarves at Charles de Gaulle Airport in Paris. No more cheap last-minute gifts from the Harrods outlet at Heathrow, calculated to make your husband think you had thoughtfully shopped at the actual store.

Zero hour was set for June 30, 1999, and there seems to be little that anyone can do to stop it. In December, Prime Minister Tony Blair of Britain said his government would join with France and Germany, which both oppose the change, to try to find a way around it.

But without the support of the rest of the European Union countries, it is doubtful they will get very far.

The arguments against duty-free shopping within the new, unified Europe are simple. If borders in Europe are all but dissolved, the thinking goes, then why preserve an anachronistic throwback, a vestige from the days when the borders were serious things and traveling from one European country to another was as laden with red tape as traveling to the United States? And why should one group of people have to subsidize the purchases of another group, who happen to pass through an airport?

It is time that people who do not travel stopped having to pay for the bootleggers and beanoes of those who do. Andrew Mackinlay, a Labor member of Parliament, said in a House of Commons debate last spring.

But his was a lone voice of dissent, drowned out as politicians from all parts of the political spectrum rushed to defend the inalienable right of Britons to buy cheap luxury goods while on vacation. Supporting duty-free shopping is a popular political position, of course. What politician in his right mind would want to go on the record as meanly

opposing his constituents' right to pay less for more?

Member after member rose to describe the number of jobs that would be lost at airports, ports and in the travel and liquor industries if duty-free shopping were abandoned — by one estimate, 30,000 in Britain alone. They spoke of the tedium of traveling, of the triumph that comes from buying goods at a discount, of the feeling that duty-free shopping is a right, not a privilege.

Bill O'Brien, a Labor member of Parliament, read aloud a letter from a constituent, one Mrs. C. Esosa. "Duty-free shopping is part of the fun of going on holiday," she said. "Everyone likes to think they are getting a bargain."

FARMERS: A Local Tax Revolt

Continued from Page 1

Reducing Taxes and Saving the Nation, said an employee of a local radio station. He spoke by phone but would not give his name.

Such a group presumably was not officially registered with the local government as is technically required of all organizations in China. On Jan. 8, the local public security bureau attempted to disband the group and detain the organizers, sparking the protests.

The numbers of demonstrators has ebbed and flowed this week, although details of the confrontation are scarce since Chinese news organizations do not normally report on such protests and foreign journalists are not permitted near them.

The radio station employee said that when the police moved in Jan. 8 at the height of the protest, about 10,000 protesters were involved; the Hong Kong human rights group placed the number at 3,000.

The farmer who was killed was hit with an exploding tear gas canister and bled to death before help arrived.

While the human rights group placed the number of injuries at about 100, the radio employee said it was unlikely to be that high. He noted that crowds were large in part because it is midwinter and "local people don't have much work on their hands."

The Hong Kong group said that a second demonstration occurred Jan. 9 and was put down by 500 soldiers.

It also said that three smaller protests had taken place since at the provincial government office to press demands that the victims receive compensation.

Jerzy Grotowski, Director, Dies

Pole Ranked Among 'Great Visionaries in Modern Theater'

By Mel Gussow
New York Times Service

Jerzy Grotowski, 65, the Polish director who was one of the most important and influential theatrical innovators of his time, died Thursday in Pontedera, Italy.

Mr. Grotowski died after years of fighting leukemia, said the director Andre Gregory, a friend. As founder and head of the Polish Laboratory Theater, as a teacher and as the author of a seminal 1970 book, "Toward a Poor Theater," Mr. Grotowski had a profound effect on the art of acting and on the experimental theater movement.

The actor, he said, must be "the direct creator in the same sense as a poet or painter." The focus in his work was on "the immediate act that must exist during the performance which is, for me, the axis of my attitude toward the theater."

Mr. Gregory called him one of "the great visionaries in modern theater." Summarizing Mr. Grotowski's approach to acting, Mr. Gregory said, "He saw the entire actor as an emotional, physical and vocal instrument."

As Peter Brook has said, "No one since Stanislavsky has investigated the nature of acting, its phenomenon, its meaning as deeply and completely as Grotowski."

In his teaching and his direction, Mr. Grotowski looked to the mythic roots of the art. In "Toward a Poor Theater," he posed the question, What can the theater do without? He answered that it could do without lights, music, scenery, it could even do

without a theater. What it needed was one actor and one member of the audience.

The idea, he said, was to "enlarge on images deeply rooted in the collective unconscious." His theater was spiritual, ritualistic and nonliterary — and extraordinarily challenging for the actor and for the audience. The actors, fiercely trained under his leadership, were called on to use their bodies and voices in strange and demanding ways and to create dehumanizing sounds in performance.

In the 1960s, he found a home in America, teaching at Columbia University and, for several years, at the University of California at Irvine. Eventually, he was awarded a "genius" grant from the MacArthur Foundation. In recent years he worked at his theatrical center in Pontedera, Italy.

Raymond Peynet, 90, French Illustrator

The Associated Press

PARIS — Raymond Peynet, 90, the cartoonist whose drawings of young lovers embodied romance for generations of the French, died Thursday near Cannes. His daughter, Annie Peynet, said her father died in his sleep of natural causes.

Mr. Peynet created his starry-eyed "Lovers" during World War II. They hold hands, kiss and simply embrace in an expression of tender devotion that Miss Peynet said reflected his own marriage.

His drawings of "Les Amoureux" (The Lovers) are widely used in France to symbolize Valentine's Day; they were emblazoned on scarves, greeting cards, posters, jewelry, a postage stamp, and even national lottery tickets sold Feb. 14.



HOOKED — Jim Mundell landed the Scottish season's first salmon Friday from the Tay in Kenmore.

مكتبة الامم المتحدة

Now Presiding Over Balkan War Crimes, a Civil Rights Lawyer

By Marilee Simons
New York Times Service

THE HAGUE — Gabrielle Kirk McDonald is not easily intimidated. As a federal judge in Houston in the 1980s, she faced down the local Grand Dragon of the Ku Klux Klan, who told her in her own courtroom that she should be removed from his case because he could not get a fair trial from "a Negress."

"Of course, he got nowhere," Mrs. McDonald recalled. "I said that if race was an issue, then being white was an issue, too. I may be a Negress, but I'm a Negress with a black robe and the gavel and the law."

Today, the color of her skin is not an issue, but her years as a civil rights lawyer and federal judge instilled in her a belief in the rule of law that is now being tested on an international level.

Mrs. McDonald, 56, is the only American among the 14 judges of the International Criminal Tribunal for the Former Yugoslavia, and a year ago she was elected its president.

Here, in a tightly guarded building on the outskirts of The Hague, she deals

with the trials that address some of the many war crimes that were committed during the breakup of Yugoslavia. She listens to long lists of atrocities, to furious lawyers, indignant prisoners, judges who disagree.

In the dark world of cruel and deadly war crimes, Mrs. McDonald is an unusually cheerful presence. While others speak of the shortcomings of the tribunal dealing with the conflicts in the Balkans, she stresses its achievements.

"We are doing more than ever and our trials are speeding up," she said in an interview. "I walk through the hallways, they are full of people. I can almost hear us humming."

She was referring to the staff from more than 50 countries working here, using new procedural rules and a legal system, a hybrid of American and European law, specially conceived for this tribunal.

People who remind her that the tribunal is not trying the war's most senior leaders get this response: "I've never heard a witness say, 'That person is not important enough.' I've never heard a victim say, 'I want someone

with a higher rank.' Every individual wants justice in their own case."

As the five-year-old court has become busier than ever, with a recent surge in arrests and trials, she sees an opportunity to make it more visible.

"We're doing great work here but we must make it known, otherwise we're whistling in the wind," she said. "Above all, it must be known to people in the region, but also to people who believe in the law everywhere."

Further, she is seeking more backing, both political and financial, from the United Nations, which established the tribunal. To reach her goal, she does not hesitate to speak her mind.

"We are truly at a watershed," she said recently before the UN General Assembly. The tribunal has done everything in its power, she said, but it is continuously obstructed by the Yugoslav government.

Belgrade, she said, is acting like a "rogue state" and flouting UN directives because it will not apprehend indicted war-crimes suspects whose whereabouts are well known. It also refuses to allow tribunal prosecutors to

investigate atrocities in Kosovo Province in Serbia.

The UN, Mrs. McDonald said, must make the "obstructionist" government of President Slobodan Milosevic cooperate. There has been no answer from Belgrade.

But Mrs. McDonald does not blink easily. Her friends say there is a practical side to her that is partly rooted in her being an American, partly in the turmoil of her own professional past.

As a young black woman, the daughter of a railroad worker from St. Paul, Minnesota, she spent her early professional years as a civil rights lawyer for the Legal Defense Fund of the National Association for the Advancement of Colored People.

It might sound strange, she went on, but her background as a civil rights lawyer in the United States has proved useful here, half a world away, dealing with the blood that was spilled in the Balkans.

It was her civil rights experience that gave her the belief that facing the aftermath of Yugoslavia's ethnic warfare was possible and that she could take on

tribunal tasks for which there was little precedent.

"I learned a lot from the civil rights movement," she said. "There we were dealing with a minority and with confrontation. And at that time we got new laws and we had to use them to enable people to live and work together. This is the task before us here."

The law dominates her life. "It's something in my heart and in my soul," said Mrs. McDonald, whose former husband and son and daughter are lawyers.

Her appointment as president means that women now run the tribunal's three main sections. The chief prosecutor is Louise Arbour, a Canadian, while the registrar and chief administrative officer is Dorothea de Sampayo, who is Dutch. A colleague, a man, gives the women credit for being "more involved" than their male predecessors.

She often says that the court's goal is to dispense justice, not exact revenge, and that for the court to contribute to peace and reconciliation it must be known and understood in the living rooms and on the streets of the torn communities of Bosnia and Croatia.



Judge Gabrielle Kirk McDonald, head of the war crimes tribunal.

"I have heard Serbs say that this is a political court motivated by revenge," she said. "But it is about providing justice and healing for the victims."

U.S. Rejects Russian Plan To Revise Iraq Monitoring

Inspectors' Independence Would Be Weakened

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Russia, hardening its intention of never allowing the present arms inspection system to be revised in Iraq, on Friday gave the Security Council a detailed blueprint for a new monitoring apparatus with much less independence.

It was rejected almost immediately by the U.S. representative here.

This is the third proposal for dealing with Iraq to be introduced this week. It follows from France and now Russia assume a lifting of the oil embargo imposed on Iraq after President Saddam Hussein's invasion of Kuwait in 1990.

A hastily assembled American plan would allow the unlimited sale of Iraqi oil only to buy civilian goods needed to alleviate the strains of eight years of sanctions.

The Clinton administration has also said in recent days that it would speed up or stop blocking approvals by the Security Council's Iraqi sanctions committee of requests by Baghdad to buy more spare parts to upgrade a dilapidated oil industry so that more oil could be pumped. Because of the low world price of oil, Iraq had not been able to sweeten even the ceilings on production allowed now.

On Friday, Iraq rejected the American proposal, which members of Congress say were made here hurriedly without consultation with legislators in Washington. In Baghdad, Commerce Minister Mohammed Mahdi Saleh said Iraq would accept "nothing less than a total lifting of the embargo."

Official Iraqi newspapers also repeated the government's call for an end to the no-flight zones imposed by the United States, Britain and France over large areas of northern and southern Iraq.

Furthermore, Iraqi leaders continued their denunciations of other Arab leaders critical of Mr. Saddam and renewed vague threats against Kuwait.

An Iraqi threat to rescind its recognition of the territorial integrity of Kuwait, repeated most recently by Deputy Prime Minister Tariq Aziz, is being taken seriously by the United States, which fears warnings similar to those that preceded Iraq's 1990 invasion. Comments by Mr. Aziz in Baghdad's government-controlled press were brought to the Security Council's attention Friday by Kuwait.

"This is a very provocative thing for the Iraqis to have said," Peter Burtleigh, the American representative on the council, said Friday. "The whole question of the recognition of Kuwait is at the core of the problem. It was the Iraqi invasion of Kuwait in 1990 that triggered all of this problem with regard to Iraq and its threat to its neighbors."

The initial U.S. response to the Russian arms inspection proposal Friday

was negative on several counts. American diplomats say that any arms control system in Iraq cannot afford to be politicized within the UN bureaucracy and must remain technically competent and enjoy freedom of action within Security Council resolutions.

Mr. Burtleigh said that the UN Special Commission and the International Atomic Energy Agency "have to continue functioning with regard to the disarmament of Iraq."

At the core of the Russian proposal is the creation of a monitoring center "within the framework of the UN Secretariat." Since 1991, arms inspections connected to Iraqi biological, chemical and missile programs have been carried out by the UN Special Commission, a body of independent experts set up by the Security Council and answerable to its member nations.

Only the Iraqi nuclear program has been monitored by an established UN body, the International Atomic Energy Agency, although in cooperation with the commission, known as Unscom.

Russia's concrete plan for action begins with the sending of an assessment mission made up of representatives of the 15 member nations of the Security Council and international technical experts. They would be charged with working out with Iraq how to resume cooperation.

The assessment team would be drawn at least in part from the International Atomic Energy Agency and the relatively new international organization set up in The Hague to monitor a treaty banning chemical weapons. The Special Commission would have no standing with the new team, except to provide some "purely technical support" through individual experts participating as individuals, not Unscom inspectors.

Under the Russian plan, all past weapons files would be closed, allowing the oil embargo to be lifted and a long-term monitoring system to be installed or activated, since much of the machinery is in place — or was when the Unscom inspectors were evacuated in December hours before American and British air strikes.

A monitoring center would be established in Baghdad, supplanting the Special Commission base there. It would house an export-import control group, which would watch for Iraqi efforts to import "dual use" equipment that may look civilian on paper but could find its way into arms projects.

The Russians say that this group could be built around the Special Commission's existing operation, which had been very successful in finding clues to Mr. Saddam's intentions based on what he tried to buy abroad.

The monitoring operation would still report to the Security Council under the Russian plan. And the council would retain the right to reimpose an embargo if any evidence of prohibited arms projects is found.



A Palestinian standing a tray of bread above the heads of worshippers as they crowd out of the Old City of Jerusalem following Friday prayers. About 300,000 people attended the ceremony at Al-Aqsa Mosque.

Former U.S. Secretary of State Urges New Ties With Tehran

By Nora Boustany
Washington Post Service

NEW YORK — Following an iftar, an evening meal ending a Muslim dawn-to-dusk fast, a spread of Iranian cuisine and sweets to the background of traditional Persian music, Cyrus Vance, a former U.S. secretary of state, delivered the evening's diplomatic bombshell.

Twenty years after taking part in a decision to end diplomatic ties with Iran, the distinguished statesman called on President Bill Clinton and Iran's supreme leader, Ayatollah Sayed Ali Khamenei, to resume ties quickly. After all the distrust, hostility and rhetoric, a breakthrough of sorts is required, Mr. Vance indicated, urging the leaders to "embark on the rapid re-establishment of diplomatic relations."

"This proposal, which is in the best interest of both nations, requires political will and a leap of faith," Mr. Vance said in New York on Wednesday evening at a lecture given at the Asia Society and organized in conjunction with the American-Iranian Council.

Although it was widely circulated ahead of his speech that Mr. Vance had

coordinated the content of his address with Secretary of State Madeleine Albright, Mr. Vance insisted afterward that he had not cleared his remarks with anybody.

Robert Pelletreau, a former assistant secretary of state for Near Eastern affairs and chairman of the board of the American-Iranian Council, said he and Mr. Vance are private citizens and their observations reflected "past experience" and insights into "what we could have done differently."

A senior Iranian diplomat attending the presentation said he did not expect a uniform reaction from Tehran. "Iran is not a monolithic whole but a composition that is both colorful and diverse. I imagine some quarters will be supportive of the proposal and others will be against it. I am for it, of course," the diplomat said, pointing out later that he was attending as a private citizen, too.

Hosheing Amirmahmadi, president of the American-Iranian Council and a professor at Rutgers University, projected that if there was no immediate reaction from Iran, that could mean the prospects were favorable. Citing an Iranian proverb, Mr. Amirmahmadi said: "Silence is a sign of satisfaction."

A Backlash on Ramadan

Holy Month's Partying in Cairo Stirs Criticism

By Howard Schneider
Washington Post Service

CAIRO — In the Muslim world, the holy month of Ramadan is supposed to be a time of fasting, charity and prayer, when the lines between God and the faithful are as clear and unobscured as the air on a crisp desert night.

As any Cairoite can attest, however, there is more to Ramadan than piety and self-denial.

Ramadan is also a time when five-star hotels erect special food and entertainment tents, television schedules are crisscrossed with once-a-year soap operas and advertisers launch their flashiest commercials, hoping to tap the consumer spending that peaks at the end of the holy month. And for all the emphasis on day-long fasting, Egyptians often complain that they eat so heavily after sunset that they put on weight during Ramadan.

All of which has some people wondering whether Ramadan — which ends this month — has strayed unacceptably from its religious roots.

"The point is to make the stomach smaller and be able to live on the minimum," said Sheikh Gamel Karb, head of the fatwa, or religious edict, committee, at Al Azhar University in Cairo, the oldest and most prestigious center of learning in the Sunni Muslim world.

"What is the point of fasting, if you limit yourself with four meals' worth of food?"

For critics of commercialism and wasteful excess, Ramadan in Egypt cannot hold a candle to Christmas as it is celebrated in the United States. Here in Cairo, streets and alleys are jammed with tables bearing free food for the poor, and the call to prayer genuinely seems to ring louder for many Muslims.

But critics say that Ramadan's spiritual side remains intact and primary.

At the same time, the city is decked with festive lights and lanterns, firecrackers punctuate the hours when mosques are dormant and merchants sell special Ramadan dates with such topical, irreverent nicknames as Viagra and Monica.

Ramadan is also good for business. "This is the best time to make some money," said Ashraf Taha, who from his sandwich shop in central Cairo sells abundant quantities of the traditional raisin, date and tamarind cocktail that accompanies iftar, the sundown meal with which Muslims break their fast.

"The market in Ramadan is very high," agreed Mohammed Sadik, who owns a catering company that five years ago began organizing an annual Ramadan tent. "People consume a lot."

Set alongside Cairo's World Trade Center, the tent is packed with low-slung couches and chairs for several hundred people and has a walkway down the middle for entertainers. It is also a forum for advertisers, with automobiles and bath supplies on display at the entrance and television sets spewing commercials.

"This has no relation with Ramadan," said Saba Anise, who over-the-top was enjoying the night's celebration recently at a table in the tent.

To many Muslims, the bright lights, loud music and commercialism of such settings are jarring in the context of a month whose name in Arabic denotes scorching heat. In the Koran, in the recorded practices of the Prophet Mohammed and in the words ascribed to him by associates, Ramadan is supposed to be all-consuming, a time so focused on God that an inadvertent swallow of water while brushing teeth can negate a whole day's fast.

Although children, travelers and the sick, among others, are excused from the rigors of the month, able-bodied Muslims are generally expected to abstain from eating, drinking and sex during daylight hours. According to the Muslim scholar Tajuddin Shuaib, Muslims should avoid sensory stimulation of any kind.

"Every limb must be restrained," Mr. Shuaib wrote in his book Essentials of Ramadan. "The tongue must desist from slander. The eyes must restrain themselves from any unlawful look."

Assessing what he sees around the city today and the reports he hears from other Muslim countries, Sheikh Karb feels that much of what has become associated with Ramadan in recent times contravenes that spirit. Just as Christians in the West have been forced to re-examine the underlying meaning of Christmas, he said, Muslims need to re-examine the meaning of Ramadan.

In his view, Ramadan has become for some an extended party, a time of late-

Afghan Executed By Topping Wall

KABUL — Thousands of people watched Friday as a Taliban tank toppled a 4.5-meter brick wall onto a 60-year-old man sentenced to death for sexually attacking a boy.

Also Friday, seven thieves had their limbs amputated at a separate location in Kabul.

Shuma Khan was executed near a damaged building that had a standing wall. He was convicted of sodomy for the attack on the 12-year-old in a hotel in Maidan Shahr, 30 kilometers (18 miles) outside of Kabul. He was found dead after the rubble was cleared away 30 minutes later. (AP)

Stampede Toll 51 At Indian Holy Site

NEW DELHI — Rescuers cleared debris and pilgrims searched for their relatives and friends Friday after 51 pilgrims were trampled to death during festivities at a Hindu shrine in southern India, news reports said.

A television network said at least 100 other pilgrims were injured as thousands of people rushed down a hillside on Thursday.

Police had said earlier the stampede was triggered when part of the slope collapsed under the weight of so many worshippers, but later clarified that the snapping of a rope used to control crowds led to the disaster near the Sabarimala shrine in Kerala state. (AP)

Nepal King Calls Elections for May

KATMANDU, Nepal — King Birendra dissolved Parliament on Friday on the recommendation of the prime minister and announced elections in May, state media reported. Prime Minister Girija Prasad Koirala, leader of the Nepali Congress party, won a vote of confidence Thursday, three weeks after forming a coalition government with the United Marxist-Leninist Communist Party of Nepal and the Nepal Goodwill Party.

The elections will be held on May 3, Radio Nepal reported. (AP)

Muslim Ex-Leader Shot in Philippines

ZAMBOANGA, Philippines — A former leader of the Muslim extremist group Abu Sayyaf who later became a government spy was killed Friday by a lone gunman in the southern Philippines, police said.

Edwin Angeles, formerly the third-ranking leader of the Abu Sayyaf, was shot on the outskirts of Isabela, the capital of the island province of Basilan. (AP)

In Haiti, Growing Fears of Dictatorship

By James C. McKinley Jr.
New York Times Service

PORT-AU-PRINCE, Haiti — The streets of this impoverished capital buzz with the normal hubbub of life, but inside the corridors of power opposition leaders are accusing the president of trying to establish a virtual dictatorship. The president insists he is trying to build a democracy.

So far, there has been little outcry here over President Rene Preval's decision Monday to bypass Parliament and form a government by decree. The only objections have come from some business and opposition politicians.

Mr. Preval's choice for prime minister, Jacques-Edouard Alexis, promised to form a government and hold parliamentary elections as soon as possible. But some Haitians said they feared they were witnessing the unraveling of the country's fragile democracy, this time not through a military coup but through the political maneuvering of Mr. Preval and his mentor, former President Jean-Bertrand Aristide.

"The president should sit down and walk with these parliamentarians so that this thing will not explode," said a clerk who works in central Port-au-Prince. "What's happening now is not good for anybody."

The disagreements have paralyzed the government since June 1997, when Prime Minister Rosny Smarck resigned to protest the elections held that April. Since then, parliamentary leaders have rejected three of Mr. Preval's nominees for prime minister. The fourth, Mr. Alexis, a former education minister, was approved last year by both houses, but was required to present his program and cabinet for approval before being sworn in. Opposition leaders threatened to reject him unless they were given key cabinet positions.

As the end of the year approached, the legislators passed a law extending their terms after they failed to reach an agreement with the president on the makeup of an election committee and an election date. But Mr. Preval scoffed that plan Monday. Saying he was upholding the constitution, he announced he did not have the authority to extend the lawmakers' terms. He also said Mr. Alexis had already been approved and could form a government even though a new Parliament had yet to be elected.

"We are trying to build something called democracy," Mr. Preval said. "Democracy, above all, is the respect for the rules of the game. We can't every time a problem arises change the rules of the game in order to solve the problem."

As a practical matter, however, Mr.

Preval's move dashed the opposition's hope that it would control some important cabinet positions. It also meant that the political faction supporting Mr. Preval and Mr. Aristide will put together the committee to oversee the next elections without influence from other groups.

Political opponents of Mr. Preval have accused him of what amounts to a bloodless coup, saying he eliminated the legislature's influence with a stroke of the pen.

Preval has staged a coup d'état to establish a dictatorship," Myrlande Manigat, a constitutional law expert, told The Associated Press. "There are many kinds of coups — not only military."

Others have charged that Mr. Preval is laying the groundwork for Mr. Aristide to run for president in 2001, hoping to control the electoral committee and thus weaken the chance that factions opposed to Mr. Aristide might gain a parliamentary majority.

But government officials insist Mr. Preval is only trying to break a political deadlock that has driven the country deeper into poverty. Despite four years of democracy, Haiti remains the poorest country in the Western Hemisphere. The country has not had a budget for two years. Millions of dollars in foreign aid have been placed on indefinite hold.

North Korean Site a Snag to Talks

By Don Kirk

International Herald Tribune

SEOUL — The U.S. defense secretary, William Cohen, warned Friday of an end to any dialogue with North Korea if it "undermines" the agreement reached at Geneva more than four years ago that it stop trying to produce nuclear warheads.

Mr. Cohen, on the eve of talks between the United States and North Korea in the city, said North Korea would "dash any hope of realizing the benefits of dialogue" if it failed to open an underground site to inspection.

U.S. negotiators in Geneva will be pressing for periodic inspections of the construction site in the village of Kumchangri, about 160 kilometers (100 miles) north of Pyongyang. U.S. intelligence analysts suspect North Korea is developing nuclear weapons at the site, which a satellite spotted last year.

Mr. Cohen's remarks appeared to challenge North Korean negotiators in the bilateral talks and in four-party talks due to follow them. Senior diplomats from North and South Korea, the United States and China are to meet Monday in Geneva for talks aimed at producing a treaty to replace the armed truce that ended the Korean War in 1953.

The official Chinese news agency, Xinhua, blasted the U.S. inspection demands as "unjustified and ridiculous." It also appeared sympathetic with North Korean efforts to produce missiles similar to the three-stage rocket fired Aug. 31 across northern Japan, saying, "The United States seems to be the only country in the world allowed to launch rockets and missiles."

Some observers believe North Korea hopes to use inspection issue as a chip to persuade the United States to lift economic sanctions in place since the war. "North Korea would allow inspection of Kumchangri at the price of relieving economic sanctions," said Park

Young Kyu, a senior fellow at the Korean Institute for National Unification. But Mr. Park said he doubted North Korea would stop producing missiles, one of its main export items.

The tough U.S. position delineated the differences that still threaten peace on the peninsula as North Korea bargains for aid to rescue its people from hunger.

In addition to calling on North Korea to clarify the nature of the Kumchangri site, Mr. Cohen and the South Korean defense minister, Chun Yong Taek, warned against efforts to build any weapon of mass destruction.

At the end of two days of talks, they issued a joint statement saying that Mr. Cohen had affirmed the U.S. commitment to giving "prompt and effective assistance" to South Korea in the event of war and had promised "a nuclear umbrella" covering South Korea.

"We will maintain a strong deterrent as we pursue dialogue with North Korea," Mr. Cohen said.



Secretary Cohen is urging dialogue and deterrence as the strategy for dealing with the North Koreans.

Rights Group Accuses Mexico

Abuses by Police and Army Reported to Be Common

By Julia Preston

New York Times Service

MEXICO CITY — Policemen and soldiers commonly kidnap, torture and kill people across Mexico, despite government reforms aimed at eradicating the abuses and despite the authorities' claims that they have largely ended, according to a report by Human Rights Watch.

"Authorities are more likely to close ranks and deny that even well-documented abuses ever took place than they are to insist that those responsible be brought to justice," the New York-based organization concluded in a report Thursday after a two-year investigation.

Prosecutors routinely use evidence obtained through torture and illegal detention, and judges continue to make liberal use of such tainted evidence rather than rejecting the cases and punishing the abuses.

The abuses occur in all areas of Mexico, not only during anti-guerrilla campaigns and anti-narcotics drives, but also in everyday investigations of street crimes, the report said.

The government, which in the past has generally rejected such reports as unwelcome interference in Mexico's internal affairs, issued an uncharacteristically mild response. The Foreign Ministry called the report "extensive" and said officials would study it.

President Ernesto Zedillo has shown some willingness to recognize that serious human rights violations take place in Mexico, the group found, but the government "has not been willing to recognize the depth of the problem or to systematically promote the prosecution of state agents responsible for abuses."

The report details cases of serious abuse in the northern state of Tamaulipas, which borders Texas, and in the southern state of Oaxaca, where leftist guerrillas are active.

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ART

Cultural Earthquake Shakes Market

Europe's the Casualty as Sellers Head for New York

By Souren Melikian
International Herald Tribune

NEW YORK — Are we going back to the days when John Pierpont Morgan and multi-millionaire tycoons of his ilk set the pace of the market, and America drew art like a magnet?

It looks increasingly that way. There is one huge difference, though.

With world art supplies shrinking every year — just look at the streamlined size of Sotheby's "Art at Auction," the review of the year that came out before Christmas — the destructive impact on Europe is beginning to take on the proportions of a cultural earthquake.

At the top of the market, most Europeans simply stall. When the Martin Bodmer Foundation at Cologne, near Geneva, decided to sell its sketch by Michelangelo, Sotheby's New York was chosen and at \$7.48 million, it became the second most expensive drawing ever sold, on Jan. 28, 1998.

The result probably would have been similar in London, but the venue reflected the current worldwide perception that New York is where you want to sell, because America is where what is most expensive ends up.

This applies to Old Masters, French decorative arts, virtually anything. The story of the 17th-century pair of tapestries commissioned in 1734 by the Duke of Kingston and designed by Juste-Aurèle Meissonnier is an apt symbol of the return of the J.P. Morgan era.

In 1909 the pair was sold at auction in Paris. It was bought by Morgan via Jacques Seligmann, a famous dealer acting as his agent. When the pair resurfaced at auction in 1977 at Christie's in Geneva, it fetched \$1.1 million, and was broken up.

One turned up to the Cleveland

Museum of Art, the other to the great European collector, Baron Heinz Thyssen-Bornemisze.

On May 13 last year, that same piece, consigned by Baron Thyssen, sold at Sotheby's New York for \$3.72 million — the second highest price ever paid for silver. Europe has now lost the pair.

Far more serious is what is happening below these stratospheric heights.

Morgan simply creamed the market and that did not do much harm to art-rich Europe, even if he excited the ire of Henry James. The American novelist, who had left the New World to live in Britain, was reacting to the transfer of Morgan's collection from London to New York — in 1909 the U.S. government repealed the 20 percent import duty on art, making the transfer that much easier. Much of the collection had been on loan to the Victoria and Albert Museum.

Today, the situation is reversed. The European Union slaps an absurd 5 to 6 percent duty on art imports, the "value added tax" — what value do you add to a Michelangelo drawing? The customs official's fingerprint? — accelerating a trend far more threatening to its living culture than the export of multimillion-dollar art: the wholesale transfer out of Europe of entire sections of the market.

Old Master drawings typify the extent of the havoc. The seemingly countless sheets that were avidly sought by thousands of European collectors from all social backgrounds are vanishing from the auction scene.

In the pursuit of their passion, these collectors played a major role in the maintenance of a constant pool of connoisseurship. But in 1998 Christie's had only one late autumn sale of Old Master drawings in London — at Christie's South Kensington, the venue for minor art — and Sotheby's had none.

Little wonder. Both houses earmark what they get from consignors for New York. On Jan. 28, Christie's will hold a sale of Italian drawings "from two French private collections." A glance at the catalogue reveals that they were built up almost entirely outside France.

The sources were Sotheby's and Christie's in New York and London: seven drawings from Karin Bellinger, a distinguished Munich dealer seen at all major international fairs, and for three of the most important lots, Stephen Mazeh of New York, now retired.

This suggests that the "collectors" really were international players having a go at art investment — in which France was barely involved.

Their finds included a charming study in black chalk for a Madonna and Child by Alessandro Tiarini in the Pinacoteca Nazionale at Bologna, and a ravishing preparatory design for a fresco of Saint Catherine in Prison Converting Empress Faustina, painted in 1570-71 in Santa Caterina dei Funari, in Rome. The first was bought on Jan. 10, 1990, at Christie's New York for \$55,500, the second on Jan. 11 at Sotheby's New York for \$33,900.

SO, too, was the most important lot in the sale, a suite of 20 drawings in pen and brown wash by Zuccaro, recommending the life of his elder brother, Taddeo, which cost a tidy \$2.53 million.

In short, the collecting process was centered largely on New York, and the conclusion that will seal the fate of these short-lived "French" collections will also take place in America.

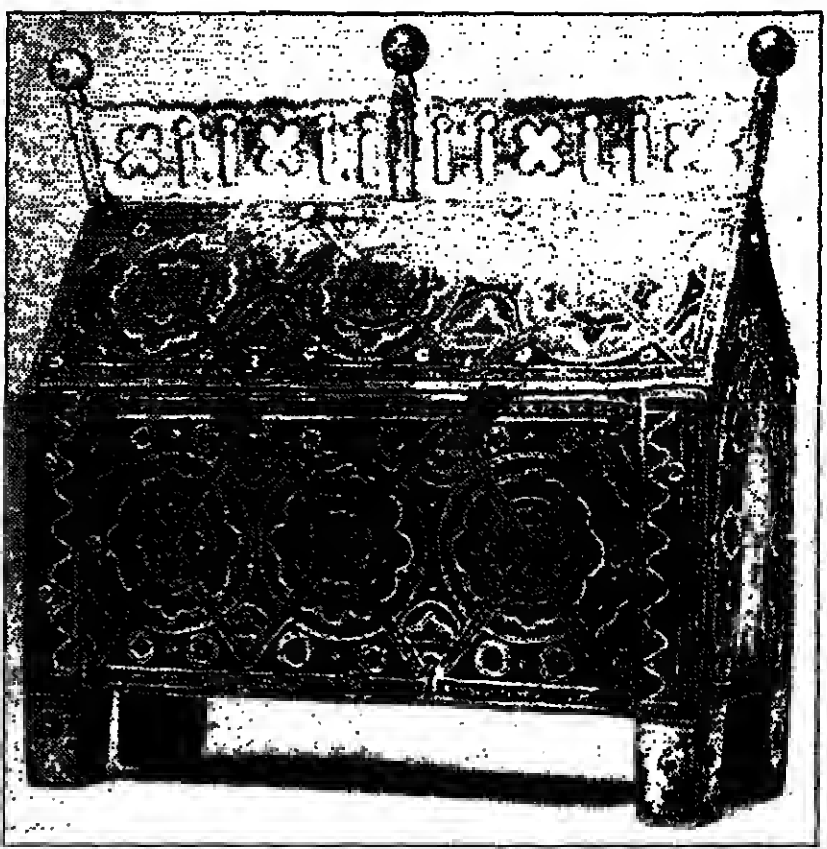
If collecting Old Master drawings is threatened with extinction in Europe, another aspect of collecting crucial to European culture from the 1830s (remember Balzac's "Le Cousin Pons")? to the 1960s is dead and buried. It coo-



cerms medieval objects d'art — champlévé enamels, ivories, bronzes, small and not so small sculpture.

On Jan. 29, following Christie's sale of the "French" collections of Italian drawings, Sotheby's will be disposing of "European Works of Art" (i.e. objects d'art). Romanesque and Gothic champlévé enamels owned early in the century by Simon Seligmann, a brother and partner of Jacques with their other brother, Arnold, are featured in that sale. After retiring, Simon had decided to collect art. Some of the medieval objects he went in for would have been known to Morgan. A few may have been bought with the idea of offering them to the financier and retained after they were turned down. But we cannot be sure. Dealers do not divulge such intimate details.

Two or three are Morgansque in quality, albeit not quite charged with the glitter that the banker requested. The almond-shaped plaque from the Mosan-Rhenish area showing Saint Nicholas as a bishop was included in the epoch-



A champlévé plaque from the Mosan-Rhenish area, left, to be auctioned Jan. 29 at Sotheby's New York, along with a reliquary casket from Limoges.

making art show "The Year 1200" at the Met in 1970. An early 13th-century reliquary casket from Limoges with a unique abstract pattern on one side appeared in another unforgettable art show at the Met, "Medieval Art from Private Collections" in 1968-1969, which revealed the beginnings of the irresistible ascent of New World collecting in the field.

At that time, the Seligmann pieces would still have been directed to London, had they been up for sale.

Today, there is no question of that. Every specialist will tell you: The clients at the top are in North America.

That is what drove Edmund de Unger of London, whose business acumen is

rivalled only by his sophistication as a collector, to consign some fantastic champlévé enamels to Sotheby's New York in November 1997.

The sale was only a mitigated success. The estimates were wild and most of the important pieces, unsold at the auction, had to be negotiated quietly by Sotheby's in the months that followed. Yet, that did not stop the executors of the Seligmann estate from proceeding likewise.

The reason is simple. There is no alternative.

Who wants to pay a 5 percent tax to satisfy the little Einsteins who decide what to tax in Europe, even if it backfires?



The cover of Hiromix's book of photographs.

Young Women Behind the Camera Craze in Tokyo

By Kaori Shoji

TOKYO — Walk down any main strip in Tokyo and you'll see them: fashionable young women with cameras hanging from their necks, scrutinizing photo ops with a professional eye. These girls are part of the "Hiromix Syndrome" — the sudden increase of wannabe photographers inspired by the 20-year-old camera gal Hiromix.

Hiromix is the closest approximation to a rock star with camera. Three years ago she was a high school senior, taking snapshots of her friends in Tokyo nightclubs. One fine day she sent the prints to a photo contest sponsored by Canon. This won her the Araki Award (one of the most coveted in Japan) and her first professional job.

Seemingly overnight, Hiromix had become the nation's youngest and hottest commercial photographer.

The Japanese have always had a thing with cameras but not until the emergence of Hiromix and a new generation of camerawomen did the relationship turn cozy. Photography had been male territory, staked out by super-serious artists like fashion photographer Kazumi Kurigami or

the undisputed master Ken Domon, who spent most of his career shooting Buddha statues.

Women were expected to be on the other side of the lens, to pose and generate sufficient artistic aura. What female photographers there were followed the rules, based on a strict master-apprentice system. Fledglings fetched, carried and swept, besides mastering the technical jargon and lighting — all for at least three years before getting permission to look through the sacred lens.

Hiromix sidestepped all that, most likely in her red spike heels. She had never taken a course, never studied with anyone and wouldn't know a print dryer if she fell over it. She admitted freely that she didn't know what a strobe looked like but "it doesn't matter because my camera flashes automatically!"

To her the most important thing about a photo was the personality of the person who took it. Suitably, Hiromix's pictures are as casual and enigmatic as she is. She has been known to show up for work better dressed than the models in Spandex minis with nothing but a little furry bag for her instant camera. Her acclaimed self-portrait shows her in a bathroom, facing the mirror in black bra and tights.

Hiromix's latest achievement is "Japanese Beauty," a collection of young models she saw as having much potential but sadly underutilized by the Japanese fashion world.

"They all had stories to tell, their bodies and faces all eager for self-expression. And no one wanted to listen. Fashion photography in this country is standing still, while the clothes and the models clamor to march on."

Accordingly her shots highlight the models' faces, relaxed and liberated from the demands of modishness. Now other photographers are imitating her style — requesting no makeup, deploying artful blurs — to get that jagged, amateurish quality that critics are calling a major breakthrough in fashion photos.

If Hiromix is the grunge baby of the camera world, then Yuriko Takagi is its high priestess. Currently 47, Takagi studied graphics and fashion design, then worked widely in Europe before switching to photography 10 years ago. Like Hiromix, Takagi never bothered with the proper channels but put together a photo collection and sprang it on the Japanese public.

From the start, her outlook and technique unraveled Japanese fashion

photography. Her extensive knowledge of design and textiles gave her an edge over the clothes, while her unrelenting eye for human physique terrorized the models. Takagi felt that Japanese fashion was rigged, in a way "that separated clothes from people."

"They were saying that only so-called models had the right to wear beautiful clothes. I was in total disagreement," Takagi said.

THUS she embarked on what would be her life project, to get the clothes to the people who really deserve to wear them, and shoot that. Collaborating with Issey Miyake, Takagi took several trunkloads of his pleated wardrobe series, and traveled to India. There in remote villages and on country roads she approached the locals and asked them to wear these clothes, so she could take their pictures. To her surprise, most of them said yes.

The result: Issey Miyake outfits on old men rowing a boat, on children with grimy faces, on a woman sucking a baby, on youths working the fields and sweating from every pore.

The effect was stunning. The artifices of studio and runway were obliterated, and in their place just

two basic things remained: bodies toughened by manual labor, adorned by beautiful materials.

Takagi's latest is a collection called "Skin," for which she took the project to Keoya, India, Thailand and Turkey. The wardrobe was supplied by Koze Hibino, a costume designer specializing in commercials and theater. Hibino's works are inspired by the fantastical and surreal — they could dress a scene from a Brothers Grimm story one minute and a gala science-fiction production the next. Hais are her specialty and if she had lived in 17th-century France, no doubt the Bourbons would have made her the royal milliner.

Enthralled by the costumes and convinced that elsewhere on the globe lived the right people to wear them, Takagi loaded trunk after trunk and set out on her journey.

With women like Takagi and Hiromix to lead the way, manufacturers are releasing a new series of "girly cameras" — compact and stylish models that double as accessories, to cater to an entirely new photographer market.

For the moment, it seems that cameras are the Tokyo girl's very best friend.

Kaori Shoji is a writer based in Tokyo.

St. George Stops at Met On His Way to the Getty

New York Times Service

NEW YORK — A haunting image of St. George in armor, with the dragon's head as a trophy in the foreground, is displayed by itself on a wall of the Metropolitan Museum of Art. It is a highlight of "Dossio Dossio: Court Painter of Renaissance Ferrara," an exhibition that opened Thursday.

The painting's label says it is a loan from Derek Johns, the London dealer. But the J. Paul Getty Museum in Los Angeles has just bought it, reportedly for \$500,000.

The painting dates from 1513-1515, just after the artist moved to Ferrara, Italy, where he became court painter for Duke Alfonso I d'Este and then his son, Ercole II.

It is the third painting by Dosso to enter the Getty's collection. The other two are from later in the artist's career and have very different subject matter. One is a figural composition, "Allegory of Fortune" (circa 1529-32); the other is the lyrical "Mythological Scene" (1535-38).

Officials at the Getty decided to buy "St. George" when they saw it at the Palazzo dei Diamanti in Ferrara, where the show opened. The Getty is one of the show's organizers, along with the Met and two Italian art institutions.

After the Dossio show closes at the Met, on March 28, it will beat the Getty, April 27 through July 11. Then the Getty plans to put "St. George" on permanent view in its 16th-century Renaissance paintings galleries.

Like any good showman Stephen A. Wynn, chairman of Mirage Resorts, wants to please his audience. Bellagio, his \$1.6 billion hotel and casino complex in Las Vegas, has drawn 2,000 visitors a day, each willing to pay \$10 to see the miniature museum that opened there in October. When Wynn learned that they preferred art by familiar traditional artists to some of the more difficult-to-understand 20th-century works he realized it was time to make changes.

In the last few months Wynn has been refining his collection, selling works by such artists as Jasper Johns and Giacomo. He has begun buying Old Masters, causing eager New York and London dealers to hope for a visit from Wynn and his advisers. So far, Wynn has made two important purchases: Rembrandt's "Portrait of a Bearded Man in a Red Coat" (1633) and Rubens's "Head of John the Baptist" (1609).

Presented to Salome" (1609). "It's not just one period of art that's fascinating or fun to look at," Wynn said. "The power of Old Masters is enormous, especially when they can be seen near the work of other artists painting some 300 years later."

THE POLYESTER PRINCE

The Rise of Dhirubhai Ambani

By Hamish McDonald, 274 pages, \$20, Allen & Unwin.

Reviewed by Philip Bowring

IN ALL the voluminous literature about Asian boom and bust there is barely a single book-length, in-depth look at a major corporate figure and his empire. Hagiography abounds, mostly well supported by corporate cash. Business failures have attracted, after the fact, hindsightful exposés. But thorough accounts of going concerns and their founders are all too scarce.

So Hamish McDonald's riveting account of the rise, triumphs and near disasters of the Indian entrepreneur Dhirubhai Ambani and his company, Reliance, is an especially welcome addition to the modern Asian bookshelf.

Admittedly, it deals with a country far from the Asian "miracle." As for Reliance, it is best known outside India not for its technological or exporting prowess but for the amount of money it has raised from foreign investors — one of many examples of Ambani's persuasive powers. But Reliance is a newcomer and it is huge, with more individual shareholders than any company in India.

But this book is as much about power as about business. In India, Ambani has for nearly two decades been an immensely powerful and controversial figure whose busi-

ness ambitions have been intertwined with political and bureaucratic power in Delhi. This is a city where suitcases of cash are often an ingredient of decision-making, hot where press, political opponents and business rivals are always at hand with exposés, plots and rumors.

McDonald traces Ambani's rise from a schoolteacher's son in an obscure town in Gujarat to controller of a huge fiber, plastics and petrochemical empire. He shows Ambani's importance, one way or another, to every prime minister since Indira Gandhi, and the nexus between political contributions and apparently obscure tariff decisions on which fortunes could be won or lost.

He describes a series of high-profile incidents in which corruption allegations are legion, and fraud and even murder charges come close to Ambani associates. This is not new to Indian readers, having been exhaustively covered in the local press. But McDonald, a correspondent who was based in Delhi for several years and is now foreign editor of the Sydney Morning Herald, retells some long and complex tales in a concise and dispassionate manner.

The book is thus unlikely to find favor with its image-conscious subject. Ruthless in pursuit of his business interests, he could be contemptuous toward rivals from the Bombay business establishment who were less driven or more scrupulous.

But McDonald is respectful of Ambani's remarkable trail of innovation and success. He was the petty trader who started out in Aden in the dying days of British rule to become the chief player in the Bombay yarn market. From there he became the small-scale textile manufacturer who acquired an extraordinary ability to influence tariff and industrial licensing policies in his favor. This allowed him not only to overtake rivals, but also, more remarkably, to create a business empire at a time when large-scale private enterprise in India was stifled by government controls.

He was the first to appreciate the potential of the equity market and India's millions of small savers to finance his ambitions, first to use convertible debentures as prime financial sources, among the first to appreciate how to use overseas Indian investment to his own advantage. And when India opened up to foreign portfolio investors, Ambani was in the lead raising money in London and New York.

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The Prosecution Speaks

Stating the Obvious

The most striking thing about the House managers' recitation of evidence against President Bill Clinton was its redundancy. We know Mr. Clinton lied with persistence. We know he coached others to cover up for him.

We know that he failed, through careful planning and steady irresponsibility, in his constitutional duty to see that the laws were faithfully enforced. We have long known, as Representative James Sensenbrenner pointed out in his opening statement, that William Jefferson Clinton is a terrible example for youth, as well as for adults involved in legal proceedings.

What we did not hear was any new information or convincing arguments that went to the core issue before the 100 senators sitting as jurors. Is the scale of Mr. Clinton's offenses sufficient to remove him from office and put the republic through the trauma of disrupting the electoral rhythm that has made the American government a model of stability?

The House prosecutors established in meticulous detail that Mr. Clinton is a weak man. Their announced plan is to address constitutional questions after reviewing the evidence. Even so, they were unable to foreshadow a compelling reason for the Senate to disrupt the quadrennial schedule for the transfer of presidential power.

In other words, the House team acted as if it were the facts that were mainly in dispute instead of the interpretation of the constitutional standard of "high crimes and misdemeanors."

Only the House lawyers seriously dispute the facts, and that they do at Mr. Clinton's peril. In effectively presenting the obstruction-of-justice case, Representative Asa Hutchinson demonstrated that Mr. Clinton's lawyers have to be careful about focusing on the facts and arguing the law. That

strategy backfired in the House and will again in the Senate.

With regard to lying under oath, and particularly obstruction, the facts are dangerous for Mr. Clinton. His defenders need to help the Senate focus on the key question of the scale of the punishment that Mr. Clinton has earned. To justify removal, the prosecutors have to show some fundamental harm to the security interests or stability of the state or some attempt to undermine the U.S. Constitution.

What they have recited so far is evidence demanding a firm but lesser punishment appropriate to an elected official who has failed in his duty and has probably violated federal statutes, but has not done irreparable damage to the government.

The presentations also produced no revelations that seem to require the calling of witnesses for public testimony. The House members' claim that the evidence is clear and well documented undercuts their own argument that witnesses are necessary. The prosecutors brought forth no questions that, if answered in a way unfavorable to Mr. Clinton in live testimony, would tilt the balance toward removal.

But there is an important unanswered procedural question about witnesses. The Senate majority leader, Trent Lott, has failed so far to appoint the four-member bipartisan panel that is supposed to deal with the witness issue. Appointment of such a panel was part of the agreement negotiated by Democrats and Republicans last week.

Instead, Mr. Lott has improperly authorized a few Republican senators to meet secretly with the House prosecutors to discuss criteria for witnesses. Those clandestine discussions should stop. A joint panel is needed to stand up to the demand for witnesses to engage in the pointless exercise of repeating what we already know.

—THE NEW YORK TIMES

The Case Is Flawed

The allegations presented at the trial are far more serious and credible than the White House will acknowledge. Indeed, the evidence that the president lied under oath remains overwhelming, and the evidence that he obstructed justice remains highly suggestive. Yet despite the merit of many of the impeachment managers' claims, the House's case is flawed, as the opening presentations made clear.

The troubles with the House's case all flow out of the problems with its own impeachment inquiry. The House managers were able to refer only to evidence collected by Kenneth Starr, the independent counsel, because they collected no evidence themselves.

The managers now stress the need to hear from witnesses at trial to resolve factual discrepancies in the record. Yet

these same discrepancies have been apparent since the day Mr. Starr sent his referral to Capitol Hill. Despite the gravity of the allegations against Mr. Clinton, it is a startling admission by the managers that the House has impeached a president while the evidence on certain key questions was still ambiguous in the minds of members.

The other major weakness in the House's case is the continued failure to adequately justify the impeachment under reigning constitutional standards and as a reasonable exercise of the House's discretion. This is not to suggest that perjury and obstruction of justice are not presumptively impeachable offenses, merely that the assumption that they always warrant impeachment and removal irrespective of the circumstances in which they occur is too rigid to be a sustainable principle.

—THE WASHINGTON POST

French Mischief on Iraq

If the United Nations were to end sanctions against Iraq oil exports and let the proceeds flow through the hands of Saddam Hussein, there is little doubt what would happen. He would use the oil money to rebuild his arsenal of biological, chemical and nuclear weapons and extended-range missiles. That is why France's proposal to lift the oil embargo and move to a weakened system of weapons monitoring and arms control is unacceptable. Sanctions can safely be lifted only when Iraq fully has complied with the disarmament requirements the Security Council imposed after the Gulf War.

Before sanctions were imposed in 1990, Iraq used its oil revenues to import the equipment and ingredients needed to make large quantities of unconventional weapons. The tenacity with which it has shielded its weapons programs from UN inspection leaves little doubt that Baghdad means to rebuild them, and will resume buying components abroad as soon as it can afford to.

For now, sanctions are the only effective means to restrain these weapons programs. No system of monitoring Iraqi purchases, as the French propose, is reliable enough to prevent secret deals with rogue arms merchants from Europe, Russia, China or America. Iraq already has the technology and equipment for making germ weapons, nerve gas and nuclear bombs. The ingredients needed for resuming production are readily available.

The most compelling argument

made for ending sanctions is the suffering of Iraq's people, who are innocent victims of a cruel dictatorship. But it is a deceptive argument. Under the UN program of oil for food and medicine, Iraq already is allowed to sell \$5.26 billion worth of oil every six months, about as much as Baghdad can pump given today's low oil prices and Iraq's aging oil facilities.

Washington now proposes allowing unlimited sales under this program, which finances supervised purchases of food, medicine and other basic consumer goods. If sanctions ended, there might be less money for civilian needs rather than more, since Baghdad would probably spend some of its oil income on presidential palaces, security forces and covert weapons purchases.

The French proposal includes monitoring of known Iraqi weapons facilities by a less aggressive inspection agency than the one now headed by Richard Butler. That is scarcely adequate. Because of Iraqi obstruction over the years, many weapons research and production sites remain unknown and would not be subjected to monitoring. Only aggressive, surprise inspections can keep Iraq from rapidly rebuilding its arsenal of terror.

For now, the United States and Britain stand almost alone in their insistence on effective measures to curb Iraqi weapons programs. But that is enough. Both countries can veto any weakening of Security Council resolutions on Iraq. They must stand ready to do so.

—THE NEW YORK TIMES

A Self-Confident Europe Is America's Best Partner

By Dominique Moïsi

PARIS — It is too early to tell whether the euro will put an end to the dollar's dominant role, and in the short run the birth of "Euroland" will probably not result in a common foreign and security policy for Europe.

Nor will the euro transform the ability of film industries in Europe to resist Hollywood's challenge either.

The United States will continue to be the only true global "hyperpower," the only one with all the mediums of power, from security to popular culture.

Yet the euro will affect the perception that Europeans have of themselves and, therefore, relations between Europe and the United States. The more self-confident Europe becomes, the more balanced and healthy the trans-Atlantic relationship becomes.

A great deal of lingering anti-Americanism in Europe can be attributed to inferiority complex. America needs a more confident Europe. The euro will contribute to it.

In the past, Europe and the United States were united by a common nightmare: the Soviet Union. Today, they have to develop common dream to enlarge the boundaries of knowledge and to reduce the destabilizing nature of growing inequalities.

The United States and Europe have to understand that they have a lot to learn from each other beyond the stereotypes and prejudices they have developed about each other as allies, partners and rivals.

In the past, starting with de Tocqueville, Europe knew what it could learn primarily from America; it was democracy — equilibrium between the branches of power, transparency and accountability, though they have suffered greatly in self-inflicted wounds in the current Washington scandal.

In this century, America was twice a savior for Europe before turning into a guarantor during the Cold War.

America is still considered by many Europeans — with frustration by some, if not resentment — as insurance against the return of a xenophobic and authoritarian Russia, the proliferation of weapons of mass destruction and the violence of ethnic fragmentation, as in Bosnia.

Washington clearly does not have the answer to all problems; it may apply the wrong means to the pursuit of the right goals — in Iraq, for example — but the world would be much more dangerous without America.

Europeans are convinced that America, too, has to learn from Europe. They believe, more than ever, that there is a European model (regardless of whatever the nuances among the center-left governments) that combines economic growth with social concern.

The Asian crisis has made a strong case for Western democratic control by demonstrating the need of accountability to achieve stable economic growth, closing at least for now the largely artificial debate between Western and Asian values.

But Asia's fall from grace has also reinforced the belief of many Europeans that, while their system may not be the most dynamic, it remains the most fair and the most stable.

The European model goes well beyond this moderate humanist message. At its best, it means that men do not live by bread alone; that even in a global age, politics does matter; that economics alone and the logic of the market will not answer the questions emerging from globalization.

In brief, the world market does not create a world community. Ultimately, we have to invent a new equilibrium between the individual and the community that presupposes a reinvention of politics.

Their long past, their ingrained sense of tragedy, their diversity, their multiple identities constitute for Europeans their best tools to enter the future. What is the creation of Europe if not this constant "robbing of shoulders" with others — and even with the "other" — in an attempt to transcend age-old barriers and misunderstandings?

This is the true meaning of reconciliation that has taken place in Northern Ireland and in the Basque region. Yet, even in the socioeconomic sphere Europeans recognize that they, too, can learn from America, in particular in handling unemployment. On the eve of the German elections, Oskar Lafontaine, the new finance minister of Germany, spoke favorably of its "sensible mix" of monetary, budgetary, tax and wage policies that contributed to growth and employment.

The European third way constitutes an attempt to reconcile America's free-market traditions, its emphasis on flexibility, inventiveness and risk-taking with Europe's reinvented social-democratic principles.

Europeans are clearly lagging behind the United States not only in the "hard" domain of security but also in the "soft" domain of dreams, of popular culture. In a world craving for youth and modernity, the very people who denounce America's unilateral power think America and dream America. While Europeans may be proud of their euro, it will not in itself make them dream.

Still, as they become more self-confident because of the euro, Europeans will not need to define themselves against America, but with America in making the world safer and better.

It is our capability to invent common dreams that should chart future trans-Atlantic relations.

The writer is deputy director of the French Institute for International Relations and editor of its publication *Politique Etrangère*. He contributed this to the *International Herald Tribune*.

Republicans May Be Gun-Shy, but Democrats Flip-Flop

By Charles Kranthammer

WASHINGTON — Rarely in the annals of doublethink has a party distinguished itself as has the Democratic Party of Bill Clinton. First it insisted that the House complete its impeachment inquiry of President Clinton by the end of 1998.

Then, when the Republicans did exactly that, the Democrats claimed the House's impeachment to be illegitimate because it was passed by the lame-duck 105th Congress, whose term expired last week.

Then the Democrats waxed eloquent about how House Republicans had created a travesty of impeachment by calling no first-hand witnesses and relying on the written record of the independent counsel, Kenneth Starr. Now the Democrats wax eloquent about how Senate Republicans would create a travesty of impeachment by calling witnesses and not relying on Mr. Starr's written record.

(Of course Republicans, too, pulled off a nice little flip on the issue: no witnesses in the House, a demand for witnesses in the Senate. But at least the Republican flip carried a modicum of logic. Because the House impeachment is analogous to a grand jury indictment, the House could reasonably justify relying on the grand jury testimony already taken. The Senate trial, however, is analogous to a criminal trial. And in criminal trials, grand jury testimony is not deemed sufficient. Witnesses are called.)

It is delightful to watch the Democrats trying to make a straight-faced argument that the Senate trial of the president of the United States must prohibit witnesses. When it is pointed out that it is customary in the United States — as it is in Mongolia and was in Sumatra — to call witnesses in a trial, the Democrats protest that this is not a real trial.

Of course, at the same time, Democrats level constant complaints about Republican unfairness on procedure, denying the president the right to — pick one — (a) due process, (b) adequate examination of the evidence against him, (c) forewarning about the trial's procedures, (d) a speedy trial. But these rights — allegedly violated — are the rights of a defendant in a trial, which the Democrats simultaneously deny that this is.

The denial is famous. The U.S. Constitution has very little to say about impeachment procedure, but it is absolutely unequivocal in calling what happens in the Senate a trial.

The idea that there is some principle involved in not calling witnesses is ridiculous. All this wordplay, which aspires to but does not quite rise to Clintonian

proportions, is in the service of fear. Even though there are not now 67 votes to convict the president, the Democrats are afraid that witnesses might again change the dynamic of a story whose dynamic has changed unpredictably a half-dozen times.

And finally, my personal favorite. Democrats say no witnesses should be called because it would result in a long, drawn-out trial that would prevent the Senate from going — in the immortal words of their leader when he wagged his finger and lied about "that woman" — "back to work for the American people."

Then in the next breath, the White House warns that if the Republicans dare call one witness they will loose a procedural avalanche, tying up the Senate until doomsday. So much for the business of the American people.

Given the absurdity of the Democrats' logic, it is remarkable how reluctant the Republicans are to take on the Democrats frontally over the witnesses issue. Yes, Republicans are gun-shy, having suffered in public opinion for every procedural victory in the House. But those procedural victories were pointless. Had House Republicans agreed to the Democratic conditions on time and subject limits (which Republicans adhered to anyway), they would have had unanimous House backing for their impeachment inquiry and thus insulated themselves from charges of partisanship.

The Senate 100-0 love-in on procedure punted on the question of witnesses. It was a clever temporizing ploy. But if when the time comes, Republicans do not have the gumption to seize the witness issue for fear of losing their majority, they do not deserve to have a majority.

The Democrats did have the moral high ground in protesting the airing of Mr. Clinton's grand jury testimony. But they have the lowest of the low ground in calling for a trial without witnesses. It is a position entirely without principle or logic.

If the Republicans cannot make a principled case for a few witnesses under circumscribed questioning, they should throw in the towel now and spare us the pretense of a trial.

Washington Post Writers Group

A Lost Chance to Undo a Failed Cuba Policy

By Wayne S. Smith

WASHINGTON — Those who had hoped for something new in Cuba policy were deeply disappointed by the measures the Clinton administration announced last week. What had been called for was a thorough review of policy that would lead to sweeping changes. What was offered was a series of unimportant small steps, some impractical, others a timid augmentation of what is already being done, but none that alter policy significantly.

Thirty-nine years after the U.S. embargo was first imposed, Fidel Castro is still in power. The embargo accomplished nothing, but neither did it cause serious problems with the rest of the international community for most of the time. But with the Cuban Democracy Act in 1992, Washington began telling companies incorporated in other countries that they could not trade with Cuba. In the Helms-Burton Act of 1996, it threatened to haul

foreign companies into U.S. courts if they "trafficked" in expropriated property in Cuba and warned foreign banks not to provide credit to Cuba.

It was against this background of a failed policy that, last October, a distinguished group, largely made up of Republicans, called on President Bill Clinton to appoint a bipartisan commission to conduct a thorough policy review.

Coming as it did from 25 senators and from cabinet members of former Republican administrations, including Secretaries of State Henry Kissinger, Lawrence Eagleburger and George Shultz, the call for a bipartisan commission would have provided the president with effective political cover.

At first, the administration seemed amenable, but conservative members of Congress and the right-leaning Cuban exiles in Miami and New Jersey

voiced strong opposition. Reportedly, one Cuban-American congressman wanted Vice President Al Gore that appointing a bipartisan commission might jeopardize his chances in the presidential elections in 2000.

The administration caved. As a sop to those who had hoped for more, Mr. Clinton announced measures he said would expand contacts with the Cuban people and show support for them, but also keep the pressure on Havana. The number of charter flights for family visits to Cuba will be increased, processing of visas and licenses will be streamlined, there will be more cultural, academic and sports exchanges, including exhibition baseball games between a Cuban team and the Baltimore Orioles. The latter is the only breakthrough: More than 20 years ago, Mr. Castro suggested a baseball game.

The other measures, however, are not likely to increase appreciably the flow of people between the two countries. Cuban-Americans currently can send \$1,200 a year to family members; under the new rules, any U.S. citizen can send that much to private citizens or entities on the island.

The proposed sale of food to private institutions, the sale of fertilizers and farm implements to private farmers and cooperatives, and the proposal to begin direct mail service will be

more difficult to carry out. Neither private restaurants nor farmers have any means of buying such goods. The importation of goods and the system for distributing them are controlled by the Cuban government. So few sales are likely to be made. As for direct mail service, the Cubans have long taken the position that it will require regularly scheduled air service, not charters. As for the administration's proposal for increased funds for Radio and TV Marti, it is absurd. Given its stridency, Radio Marti's listenership in Cuba has plummeted.

Over the years, the U.S. taxpayers have wasted \$120 million on TV Marti even though it is never seen or heard.

Short of a bipartisan panel, Mr. Clinton might have indicated support for legislation to lift the embargo on the sale of foods and medicines, removed all travel controls or announced the closure of TV Marti and the transfer of Radio Marti back to Washington from Miami, where it can be brought under control of the Voice of America.

If Washington wants to encourage Havana to move ahead with reforms, it must deal with that government's

The writer, a senior fellow at the Center for International Policy, was chief of the U.S. interests section in Havana from 1979 to 1982. He contributed this comment to the *Los Angeles Times*.

NGOs Fill an International Gap

By Flora Lewis

PARIS — They have been growing and multiplying gradually, sometimes quietly and sometimes becoming very noisy. But now it has reached a point where nongovernmental organizations, or NGOs, are a weighty, unavoidable factor in world affairs. They are called the third sector, alongside the state and private sectors.

They offer a new channel to introduce both social responsibility and a democratic approach where either government or commerce has always dominated. Linking up beyond local communities and national groups, they are an energetic force in the conduct of international relations and the spread of civil society across borders.

There have long been civic groups cooperating without government sponsorship; the International Committee of the Red Cross is an example. But the idea of NGOs as a special, recognized category comes from the early days of the United Nations. A number of national associations were formed to support the UN and educate the public on its purposes, and they were given special recognition at its headquarters as a kind of unofficial part of the family.

They have developed into advocates for an enormous

variety of causes, capable of mobilizing many thousands of delegates for world conferences such as the environment in Rio, population in Cairo, women in Beijing. When NGOs are determined, governments often take pains to consult them.

At the same times, a certain resentment of NGOs is mounting. Government representatives point out that NGOs are not elected, are not accountable to anyone, cannot be held to responsible when they indulge in provocations or campaigns with unintended consequences. Tommy Koh, executive director of the Asia-Europe Foundation in Singapore, wrote recently of a European group that succeeded in forcing the shutdown of a factory in Bangladesh using child labor, only to learn that poverty then drove the girls who worked there into prostitution.

Doctors Without Borders closed its operations in parts of Africa when it concluded that its policy of rigid neutrality was being abused to make it an unwitting accomplice in the cause of murdering Hindu rebels.

NGOs go where business is not interested in the human impact of its enterprise, and

where government does not care or is not politically able. A special bulletin, called NGOs News, is distributed in Eastern Europe to help new groups learn from the experience of others and join in the search of power. According to an account from a Hungarian representative, it has been hard to get local governments to accept partnerships with civic communities because the traditions from the Communist system (and earlier) insist on relations of authority: "the king and his subject."

And yet, there are things that need to be done that governments cannot do or will not do, and things that they should not do, but which the spontaneous but organized NGOs can achieve.

This is where to look for democratic guarantees as the international system gets more and more complex, more and more intrusive.

There is no world government, but there are world concerns — projects like the environment, the status of women, the welfare of children that need the contribution of people from many countries.

The NGOs have arisen to fill this gap. They both prevent great concentration of power and encourage the focus of power on specific problems.

Flora Lewis

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Stock Inflation

PARIS — [The Herald says in an Editorial:] The Herald's financial correspondent calls attention to the inflation of railway stocks and bonds in the United States. As an instance is cited the Milwaukee and St. Paul. The common and preferred shares have increased by thirty-two million dollars, a sum equivalent to the net earnings of the line for two and a half years. When it is borne in mind that the stocks of less prosperous railways have advanced almost as much in proportion, it is evident that speculation in American railways is extremely hazardous.

1924: Theatre Custom

ROME — The "Portuguese," or free theatre ticket holder, is in danger. The theatres here intend to abolish him, although he had been a recognised institution in the Eternal City for centuries.

The origin of the "Portuguese"

is unknown. Some maintain that his prototype was an unfortunate individual who was compelled by an impresario to come in and form the public of an otherwise deserted theatre.

1949: GLs' Marriages

FRANKFURT — Because 199 many German women were making advantage of young and susceptible occupation soldiers, European Command headquarters announced that no further marriages to Germans by American soldiers below the rank of sergeant will be permitted. Army chaplains had become alarmed over the unstable qualities of these occupation unions. Too many women were marrying GLs to get out of Germany. Special dispensations can be obtained. In such cases the regulations specify that there must be a six-month "cooling-off" period before the marriage.

Herald Tribune
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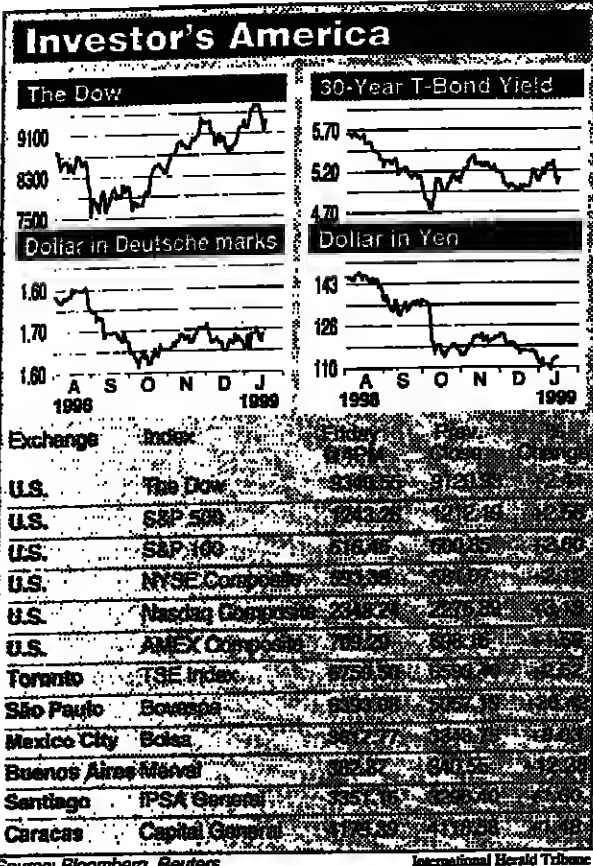
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But, in an interview, the deputy eco-

THE AMERICAS



Very briefly:

- Atlantic Richfield Co., the sixth-largest U.S. oil company, will take a fourth-quarter charge of \$890 million and expand jobs cuts to 1,200 from the next year because oil prices are lingering near 12-year lows. The charge against earnings largely reflects the lower value of the company's oil and natural gas reserves because of the falling prices.
- General Electric Co.'s broadcasting and financial services units, NBC and GE Capital Corp., jointly acquired 9.9 percent of Telecan Inc., which develops and operates Internet sites and on-line networks serving the financial, publishing and entertainment industries. The transaction is valued at \$9.2 million. Telecan said it was in talks to license its technology and parts of its content to NBC, and to provide other technology services.
- True North Communications Inc., the world's sixth-largest advertising company, is suing Publicis SA of France, its former partner in a global alliance, for more than \$60 million over what it contends is an inadequate valuation of its shareholding in Publicis. Publicis said the suit was groundless.
- Phelps Dodge Corp., the largest U.S. copper producer, reported an unexpected fourth-quarter loss, mostly because of lower copper prices. The company had a net loss of \$41.8 million, after posting net income of \$32 million a year earlier. Revenue fell 18 percent, to \$706.7 million.
- Abbott Laboratories, one of the biggest makers of drugs, medical devices and tests in the world, reported a 10.5 percent increase in fourth-quarter profit as it sold more medical equipment and medicines, such as the ulcer treatment Prevacid. Net income rose to \$626 million from \$567 million a year earlier.
- Consolidated Papers Inc., the largest maker of paper for magazines and brochures in North America, reported that fourth-quarter profit fell 47 percent as prices dropped amid a rising tide of imports. Net income declined to \$19 million from \$35.8 million a year earlier.

Brazil Gives Wall Street Room to Rally

NEW YORK — Stocks rose strongly Friday on optimism that Brazil's decision to let its currency float would revive its economy and prevent a meltdown in emerging markets that could spill over to Wall Street.

The Dow Jones industrial average closed 219.62 points higher at 9,340.55 and the Standard & Poor's 500 index finished up 31.05 points at 1,243.24. The Nasdaq composite

U.S. STOCKS

index ended 71.38 points higher at 2,348.20 and gaining issues beat losing ones by a 3-to-2 ratio on the New York Stock Exchange.

"Maybe the worst of the Brazilian situation is behind us and now we know where we stand," said Ned Collins, head of trading at Daiwa Securities America.

The Brazilian government on Friday reversed its pledge to defend its currency, the real, which pushed the Brazilian currency down sharply against the dollar. The move is seen as a way for Brazil to attract foreign investment and hold on to its currency reserves, and it helped send Brazil's benchmark stock index up 32 percent.

The move provided relief for investors who feared that the financial crisis in Brazil, one of the most important U.S. trading partners, would spread through all of Latin America.

"With Brazil's rally, there's less fear of a domino effect, of one emerging market after another collapsing," said Michael Schroer,

chief investment officer at Renaissance Investment Management. "We will get through this crisis just like we did in Mexico and Asia in years past," said Alan Ackerman, senior vice president at Falmestock & Co. "Brazil is listening and attempting to act."

The rebound in stocks drew funds out of the Treasury bond market, where the benchmark 30-year issue fell 25/32 point to 102 5/32. The yield rose to 5.11 percent from 5.06 percent Thursday.

"The markets are less worried about the impact of Brazil," said Marc Fovini, a fund manager at Ferguson, Wellman, Rudd, Purdy & Van Winkle Inc. "The flight to quality has reversed."

Companies that depend on Latin America for a significant portion of their revenue, which suffered the most after Brazil devalued its currency this week, gained Friday. J.P. Morgan, which lost 9 percent on Wednesday and Thursday, jumped 6 1/2 to 108 13/16. Citigroup, which lost 11 percent in those two days, rose 1 1/4 to 52.

American depositary receipts of Telebras, the Brazilian national phone company, rose 15 1/4 to 69 1/4. Internet fever continued to bolster technology stocks. Marketwatch.com, an on-line business news provider, closed at 97 1/4, up 80 1/4 from the 17 at which it offered shares to the public on Thursday. The company, formed through a

joint venture between CBS and Data Broadcasting, was the first major IPO of 1999 and had been eagerly awaited by investors.

Xoom.com rose 9 1/16 to 57 after the Internet direct-marketing company and InfoSpace.com formed an alliance to make InfoSpace the exclusive provider of on-line white pages, yellow pages and classifieds for Xoom.com members.

But investors took profits on some Internet stocks after huge recent gains. Yahoo! fell 26 1/16 to 317.

Platinum Technology, a software service provider, fell 5 1/16 to 13 1/2 after saying its fourth-quarter profit would disappoint analysts. (Bloomberg, Reuters, AP)

BRAZIL: Currency Float Soothes Latin American Markets

Continued from Page 1

lowered the currency's value by 8 percent, in what it had hoped could be a controlled devaluation. But in an intensifying exodus of dollars from Brazil in recent days, some \$1.8 billion left central bank coffers Thursday — government officials were forced to act.

"To their credit, they didn't spend all their foreign currency reserves in a failed attempt to defend the currency, as many Asian nations did," Jay Bryson, international economist at First Union Corp., told Bloomberg News. "Brazil just did the inevitable, which is a good sign."

The earlier Brazilian commit-

ment to defend its currency had strained relations with officials in Washington and at the International Monetary Fund, which is backing Brazil with a giant \$41.5 billion rescue package. They urged Brazilian officials not to squander the bail-out money defending the country's overvalued currency.

Friday evening, Brazil's finance minister, Pedro Malan, and its new central bank president, Francisco Lopes, flew to Washington to meet with IMF officials. Sources in Washington said that IMF officials would be discussing Brazil's future monetary regime over the weekend.

Some analysts suggested the government would establish a new exchange rate on Monday that would

be based on the free-market value of the real on Friday.

Strategy Ends 'Real Plan'

Brazil's move on Friday effectively ended the government's four-year-old "Real Plan" that loosely pegged the real to the dollar, Bloomberg News reported. It was the heart of President Fernando Henrique Cardoso's effort to rein in what was once hyperinflation and attract foreign investment.

But analysts said Brazil's move may hurt companies with dollar debts and re-ignite inflation. The economy may also shrink up to 5 percent this year and the inflation rate may jump to 10 percent, economists say.

Renault May Seek Link With Nissan

Reuters

NEW YORK — The French auto group Renault SA has offered to enter into a comprehensive alliance with the Japanese carmaker Nissan Motor Co., a Japanese newspaper reported.

The Nihon Keizai Shimbun reported from London that the offer included the French company acquiring about 20 percent of Nissan. Nissan is reportedly studying the offer.

Nissan has been in negotiations with DaimlerChrysler AG about the sale of its affiliate, Nissan Diesel Motor Co. The report said Nissan planned to continue talks with the German-U.S. automaker.

Dollar Rises on Brazil Optimism

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against other major currencies Friday on expectations that Brazil's decision to let its currency float freely would speed recovery in Latin America's largest economy, a key market for U.S. goods.

"This was long overdue," said John Rothfield, a currency strategist at BankAmerica Corp. While a weaker real "will lead to short-term difficulty due to the increased local cost of funding foreign debt, it's going to shorten the time it takes for recovery."

The dollar rose against Europe's single currency, with the euro quoted at 4 P.M. at \$1.1558, down from \$1.1697 Thursday. The dollar rose to 1.3840 Swiss francs from 1.3573 francs and to 113.950 yen

from 113.625 yen. The pound fell to \$1.6493 from \$1.6557.

Brazil on Friday abandoned its four-year-old "Real Plan," which used high interest rates and foreign-currency reserves to keep the real pegged loosely to the dollar. Without that burden, analysts said Brazil

FOREIGN EXCHANGE

would be able to focus on reducing its budget deficit and lowering interest rates that rose as high as 70 percent this week.

"Brazil is not going to waste its reserves defending a currency that can't be defended," said Jeff Woodruff, a currency strategist at BankBoston. That's "an encouraging sign."

Whether the optimism about

Brazil is sustainable depends on the ability of the country's central bank to come up with a credible alternative foreign-exchange policy in a statement scheduled for Monday, traders said.

Rising stock prices in Brazil and on Wall Street also helped the dollar, as did encouraging statements from an international group of finance ministers meeting in Frankfurt.

Mr. Rothfield of BankAmerica said Brazil's economy was likely to get worse before it gets better, as companies struggle to repay foreign-denominated debt made more expensive by the weaker currency. "It will be a deeper but shorter recession than Brazil would have had otherwise," he said.

(Bloomberg, Bridge News)

U. S. STOCK MARKET DIARY

Friday, Jan. 15

Most Active

NYSE

Dow Jones

Standard & Poor's

Nasdaq

AMEX

Dow Jones Bond

20 Bonds

10 Utilities

10 Industrials

Trading Activity

NYSE

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صبرنا من الامل

NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a year.
The Associated Press.

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	124.75	1,200,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Amazon	15.00	14.50	14.75	14.50	800,000
Google	25.00	24.50	24.75	24.50	700,000
Yahoo	10.00	9.50	9.75	9.50	600,000
Oracle	35.00	34.50	34.75	34.50	500,000
Sun	20.00	19.50	19.75	19.50	400,000
HP	30.00	29.50	29.75	29.50	300,000
Intel	40.00	39.50	39.75	39.50	200,000

Stock	High	Low	Open	Close	Volume
Alibaba	10.00	9.50	9.75	9.50	100,000
Netflix	15.00	14.50	14.75	14.50	90,000
Twitter	5.00	4.50	4.75	4.50	80,000
LinkedIn	3.00	2.50	2.75	2.50	70,000
Facebook	2.00	1.50	1.75	1.50	60,000
Spotify	1.00	0.50	0.75	0.50	50,000
Zoom	0.50	0.25	0.35	0.25	40,000
Slack	0.25	0.15	0.20	0.15	30,000
Dropbox	0.15	0.10	0.12	0.10	20,000
Evernote	0.10	0.05	0.08	0.05	10,000

Stock	High	Low	Open	Close	Volume
Netflix	15.00	14.50	14.75	14.50	90,000
Twitter	5.00	4.50	4.75	4.50	80,000
LinkedIn	3.00	2.50	2.75	2.50	70,000
Facebook	2.00	1.50	1.75	1.50	60,000
Spotify	1.00	0.50	0.75	0.50	50,000
Zoom	0.50	0.25	0.35	0.25	40,000
Slack	0.25	0.15	0.20	0.15	30,000
Dropbox	0.15	0.10	0.12	0.10	20,000
Evernote	0.10	0.05	0.08	0.05	10,000
Box	0.05	0.02	0.03	0.02	5,000

Stock	High	Low	Open	Close	Volume
Box	0.05	0.02	0.03	0.02	5,000
OneDrive	0.02	0.01	0.01	0.01	2,000
Google	25.00	24.50	24.75	24.50	700,000
Amazon	15.00	14.50	14.75	14.50	800,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	124.75	1,200,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Amazon	15.00	14.50	14.75	14.50	800,000
Google	25.00	24.50	24.75	24.50	700,000
Yahoo	10.00	9.50	9.75	9.50	600,000
Oracle	35.00	34.50	34.75	34.50	500,000
Sun	20.00	19.50	19.75	19.50	400,000
HP	30.00	29.50	29.75	29.50	300,000
Intel	40.00	39.50	39.75	39.50	200,000

Stock	High	Low	Open	Close	Volume
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HP	30.00	29.50	29.75	29.50	300,000
Sun	20.00	19.50	19.75	19.50	400,000
Oracle	35.00	34.50	34.75	34.50	500,000
Yahoo	10.00	9.50	9.75	9.50	600,000
Google	25.00	24.50	24.75	24.50	700,000
Amazon	15.00	14.50	14.75	14.50	800,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000

AMEX

Friday's 4 P.M. Close
The 150 most traded stocks of the day,
up to the closing on Wall Street.
The Associated Press.

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	124.75	1,200,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Amazon	15.00	14.50	14.75	14.50	800,000
Google	25.00	24.50	24.75	24.50	700,000

Stock	High	Low	Open	Close	Volume
Google	25.00	24.50	24.75	24.50	700,000
Amazon	15.00	14.50	14.75	14.50	800,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	124.75	1,200,000
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Google	25.00	24.50	24.75	24.50	700,000

Stock	High	Low	Open	Close	Volume
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Amazon	15.00	14.50	14.75	14.50	800,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000

NYSE

Friday's 4 P.M. Close
(Continued)

Stock	High	Low	Open	Close	Volume
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Microsoft	55.00	54.50	54.75	54.50	1,100,000
Apple	45.00	44.50	44.75	44.50	1,000,000
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Google	25.00	24.50	24.75	24.50	700,000

Stock	High	Low	Open	Close	Volume
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Apple	45.00	44.50	44.75	44.50	1,000,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000

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Apple	45.00	44.50	44.75	44.50	1,000,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
IBM	125.25	124.75	125.00	124.75	1,200,000

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IBM	125.25	124.75	125.00	124.75	1,200,000
Microsoft	55.00	54.50	54.75	54.50	1,100,000
Apple	45.00	44.50	44.75	44.50	1,000,000
Amazon	15.00	14.50	14.75	14.50	800,000
Google	25.00	24.50	24.75	24.50	700,000

Stock	High	Low	Open	Close	Volume
Google	25.00	24.50	24.75	24.50	700,000
Amazon	15.00	14.50	14.75	14.50	800,000
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MONEY

SATURDAY-SUNDAY
JANUARY 16-17, 1999
PAGE 15

MONDAY
SPORTS

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Website: www.iht.com/IHT/MONEY

FOR MOST people, investing is serious business, a way to ensure that when the time comes, their assets will be sufficient for a comfortable retirement. Many are uncomfortable with the notion of managing their money or feel that their time is better spent earning it. These people turn their financial affairs over to investment professionals. Of the rest, there are some do-it-yourselfers who do not trust anybody with their money and sternly manage their own fortunes. Then there are those who like the world of stocks and bonds, dividend checks and price/earnings ratios. For this last group, we offer this week's section on penny stocks, by which we mean shares trading for less

than \$5 or its equivalent. These are not the kind of stocks likely to be found in a portfolio managed by somebody with fiduciary responsibilities. Few analysts know about them, let alone follow them. They do not meet the listing requirements of the main exchanges and they usually trade at low prices for a reason. But they have at least one thing going for them: They are cheap. Many investors can afford to buy hundreds or even thousands of shares, so if the price rises by even \$1, that means hundreds or thousands of dollars of profit. So if you like the idea of playing the market with money you are prepared to lose better than the idea of playing the lottery, we offer the following recreational ideas.



Rags to Riches: Betting on Pennies With Help From Words in the Know

By Judith Rehak

WHAT INVESTOR HAS not dreamed of buying shares for a pittance in an undiscovered company and reaping mega-profits when its true value surfaces and drives the price sky-high? Such is the enduring attraction of penny stocks, those unloved, overlooked and beat-up companies that just might turn into big winners — or losers. If the idea of investing in this high-risk arena is tempting but also makes you queasy, you might first consider a penny-stock newsletter.

These publications are not guaranteed to make you a millionaire (if they claim to, avoid them), but the best can be helpful. Not only do they make stock picks, but they keep tabs on them, a crucial point since information on these companies can be difficult to find.

One of the longest-running penny-stock newsletters is the 23-year-old Bowser Report, which is based in Newport News, Virginia, and looks at only at companies trading at \$3 a share or less.

Max Bowser, the editor, said he eliminates about 75 percent of the penny universe on the first cut because of "inadequate balance sheets."

"From there, it's pretty subjective," he added. He talks with company management, looking at issues such as whether it is in a business that will flourish and expand.

"For example, suppose it's in supermarkets, but it won't build any more," Mr. Bowser said. "They'll make a good living, but they won't grow."

Mr. Bowser comes up with a new pick each month. His December pick, at \$2.25, was Millbrook Press Inc., a children's book publisher now trading above \$4.

Last year, "not a sensational one for microcaps," he admitted, illustrates the promise and pitfalls of penny stocks. A winning pick was Gentner Communications Inc., recommended at \$1 a share and now at about \$4.50. His biggest disappointment was Ilex Corp., a company in the barter business that got into trouble with regulators, was delisted from the Nasdaq exchange and plunged to 75 cents from \$4.

"We won't argue that these stocks are risky," he said. To come out ahead, he suggests diversifying among 12 to 18 companies. Statistically, most winners never get above \$6 to \$10 a share, he said, so if all goes as hoped and a stock doubles, his strategy is to sell half the holding.

"Now you've got your stake back and you're operating on the other guy's money," he said. "If it falls back more than 25 percent, sell the rest."

If the shares never take off, or head south, he tells readers when to sell.

In a more focused approach to penny stocks, the Boston-based Turnaround Letter looks exclusively at once-healthy companies that have fallen on hard times. Its most aggressive portfolio owns companies that trade below \$6, including so-called fallen angels and companies coming out of bankruptcy.

That's editor, George Putnam, thinks, stand a good chance of bouncing back. One of the most positive signs of recovery, he said, is new management coming in.

"Very often, the management that got them into trouble can't get them out of trouble," he said.

An example is Graham Field Health Products, one of Mr. Putnam's top picks right now. The company's share price has slumped from about \$3 from \$19 in 1998.

"They went on an acquisition spree, and lost control of the business, but they've brought in a new chief operating officer who has them back to basics," he said.

On the downside, what looked like a positive recovery from bankruptcy, Hills Department Stores, fell apart last summer. "I thought they had their problems solved, but sales fell and they had big losses," Mr. Putnam said. The group has been taken over by a competitor.

Mr. Putnam agreed that owning a basket of stocks diminishes risk, but in his opinion, 8 to 10 will suffice.

"One or two will be spectacular winners, two or three will be modest losers, and two or three big losers, but the big winners will overcome all," he said.

While the United States is clearly the home of penny stocks, Britain also has a thriving sector of small companies, which trade at even lower prices on the Alternative Investment Market, and Ofex, an exchange that deals in unlisted shares.

Two British-based newsletters that follow these companies from different perspectives are the Penny Share Guide and a new arrival, Red-Hot Penny Shares.

Shares of small British companies were hammered last year, but Maggie Drummond, editor of the Penny Share Guide, sees better times ahead.

"There are good companies that will meet and increase

their dividends, so you don't have to get too speculative to get some good buys," she said. "The other thing is we're just beginning to see big financial institutions feel pangs of conscience about how they have ignored mini-stocks. That's good because the big boys are taking an interest."

One thing that piques Ms. Drummond's interest is a company is when a well-known investor takes a major stake. One of her tips for 1999, at a minuscule 23 pence, is Carlisle Holdings Ltd., a company in which Michael Ashcroft, a controversial investor who has made a fortune in undervalued companies and is the new treasurer of the Conservative Party, has taken a stake. Carlisle has been acquiring personnel-service concerns, but "they also have a property portfolio which is quite interesting," Ms. Drummond said.

Like Mr. Putnam, she looks for oem management that can signal better times for a troubled company, or one with a well-known brand name that has stagnated. "I'm looking for action, one way or another," she said.

To hold down risk, Ms. Drummond suggests a stop-loss strategy that places sell orders at 20 to 30 percent below the purchase price of a stock. If the shares increase in value, the sell price is moved up.

Like any investors, penny-stock fans have different tastes. Investors who find the idea of privileged information appealing might check in with Tom Winnifith, editor of Red Hot Penny Shares, a new British newsletter that claims to be "your direct line to 'insider' City share tips."

Mr. Winnifith makes the case for his picks in a chatty style. In a recent issue, he recounted a meeting in "a private club round the corner from the Bank of England" with David Jackson, chairman of the Peterhouse Group PLC, a construction company.

A Winnifith favorite for 1999, Peterhouse is trading at about 111 pence. He also likes Moorepay Group PLC, a payroll-services provider, at 240 pence.

Although penny shares have plenty of risks, Mr. Winnifith seems to think investors are in equal jeopardy from journalists. Under the caption, "Warning, Journalists can't spot good investments — beware the newspaper 'Tip of the Year,'" he contended that few journalists had any training in basic accountancy skills or simple investment analysis, and "in the main, tend to base their picks on 'hunches, lunches (with PR men) and guesswork'."

As for his brand of advice, Mr. Winnifith said, "Year in, year out, my tips of the year have risen (last year outperforming by 20 percent) because I use the same proven principles every month."

For further information:

• THE BOWSER REPORT: Telephone: 1 757 871 5979. E-mail: MinusStocks@aol.com. Subscription price: \$48 a year. Mr. Bowser also offers a book, "Making Dollars with Pennies," and "The Bowser Directory of Small Stocks."

• THE PENNY SHARE GUIDE: Telephone: in Britain, 020 888 0000, or from outside Britain, 44 171 447 4040. Subscription price: £29 for the first year, £29.50 thereafter.

• RED HOT PENNY SHARES: Telephone: 44 171 447 4040. Subscription price: £27 for the first year, £27 thereafter.

• THE TURNAROUND LETTER: Telephone: toll-free in the United States, 1 800 468 3810, or outside the United States, 1 617 573 9550. Subscription price: \$195 a year.

Low Prices but Few Deals in Japan

Picking Through a Slumping Market's Abundance of Penny Stocks

By Miki Tanikawa

PENNY STOCKS abound in the Japanese market, which has spent most of this decade in the doldrums. More than 1,100 of the 3,000 or so issues listed on the Tokyo Stock Exchange trade below 500 yen (\$4.40).

Venerable Japanese brand-name companies such as Nissan Motor Co., Isuzu Motors Ltd. and Mitsubishi Electric Corp. can now be had for 397, 20 and 330 yen, respectively.

Even less-than-a-dollar stocks are not a rare commodity in Tokyo. There are more than 100, and they are often found in the construction and financial sectors.

"There are a lot of stocks like that, and some of them started to go bust," said Gary Evans, strategist for HSBC Securities Japan Limited.

"They are low-priced for a very good reason," he added.

"So, for the more serious investors, the concern would be to seek out companies with solid growth or good value, or both, one whose stock may be currently low because of an impermanent, circumstantial factor."

Tadashi Ohta, an analyst at Jardine Fleming Securities (Asia) Ltd., said Ube-Nitto Kasei Co., a synthetic-fiber and resin-product maker on the second section of the Tokyo Stock Exchange, fulfills both criteria.

A joint venture between Ube Industries Ltd. and Nitto Boseki Co., Ube-Nitto Kasei's division that makes fiber-optic materials holds promise for the stock, of which more than 60 percent is owned by the two corporate parents.

The company produces spiral composite and tension members, line materials around which optical fibers are wrapped.

Mr. Ohta said the company only needed to wait for Nippon Telegraph & Telephone Co., the dominant Japanese telecom carrier, to carry out its plan to invest in fiber optics.

Ube-Nitto Kasei holds about 70 percent of the market for these products.

Two other major players, Toyo Chemical Co. and Sumitomo Electric Industries Ltd., which command market shares of 10 percent and 9 percent, respectively, are licensees of Ube-Nitto Kasei's technology, and its patent is good for five more years.

Mr. Ohta said there was not much chance of new competition, foreign or domestic, taking hold in the sector. The Japanese market is too small for a new rival to try to emerge, and NTT uses slot-type fiber communications materials, not the nonslot type that is common in most of the industrialized world.

Ube-Nitto Kasei's shares took a beating, spiraling down from a plateau of 1,100 yen, which lasted from early 1996 until mid-1997, to the current 375 yen, as the company's sales in fiber-related materials fell.

The drop reflected a slowdown in investment by NTT, which is reorganizing its corporate structure, but Mr. Ohta said the spending would eventually pick up.

Jardine Fleming predicts that NTT, which plans to make all of its phone lines fiber-optic, has yet to replace 80 percent of the existing lines connecting telephone exchanges and individual homes.

Tetsuya Furumoto, small-cap analyst at Salomon Smith Barney (Japan) Ltd., cited Kokon Kogyo Boring Machine Co. as another stock that has been severely beaten and that has good prospects.

"As a construction-related stock, Kokon failed to escape the severe downturn that occurred amid rising concern for credit risks in the Japanese construction industry."

But the manufacturer of boring equipment boasts an invention that few in the world can emulate: a double-bit "arrow" drill.

Mr. Furumoto said that not only does it significantly reduce digging times, but with two bits revolving simultaneously — one inside a larger, ring-shaped bit — the drill is suited for digging ground that is either extremely hard or delicate.

THE STOCK'S initial public offering price of about 4,000 yen may have been too lofty, Mr. Furumoto said, but its current price of 320 yen — just 40 percent of book value — is, in his estimation, too cheap.

The demand for Kokon's drills has so far not been as high as it should be, Mr. Furumoto said, because Japanese builders have not been keen to reduce costs that might depress prices of building contracts, which have been artificially

high.

Growing public awareness of wasteful spending on public works is prompting the commissioning entities to closely monitor costs, which is likely to generate demand for cost-cutting equipment like Kokon's, Mr. Furumoto said.

Another company with a unique strength is Chacott Co., he said.

Chacott makes and sells dance wear and related goods, and is the only company of its kind listed in Japan.

In a slumped economy, exposure in the luxury apparel world is a negative, which is partly why the stock is weakly priced at about 420 yen, a price barely over its book value, analysts said.

BUT CHACOTT is a dominant player in social dance and ballet clothing.

Price pressure is mild, and the tendency for repeated purchases of dance outfits, a lack of seasonal downturns and average purchases of about 10,000 yen per customer have helped Chacott stay profitable, Mr. Furumoto said.

Chacott's products are specialty items, used regularly by those who need them and ignored by those who don't, which gives the business a stability that other clothing makers would not necessarily enjoy, said Masumi Ohishi, an analyst who follows small-cap retail firms for Ichiyoshi Securities.

A demographic and social trend is also in Chacott's favor. Analysts said that as the Japanese population ages, more people would take up gracious post-retirement activities like social dancing.

Young people are taking note, too: A Japanese movie about dancing called "Shall We Dance?" became a box office hit.

"What has been a rather limited market might now grow into a mass-based one," Ms. Ohishi said.

This trend is already tangible, analysts say, although evidence is so far more anecdotal than statistical due to lack of comprehensive data.

With the company's efforts to improve sales channels in place — rather than piggy-backing on large retail distributors like department stores, it is seeking to sell more through its own stores, which would ensure higher profitability — Mr. Furumoto of Salomon Smith Barney expects Chacott's pretax profits to grow about 11 percent annually.

Bethlehem Steel Corp. AI Frank, editor of The Prudent Speculator, the best stock-picking newsletter in the business, recommends U.S. steel companies despite competition from cheap imports. "Industry conditions," he writes, "are not as dire as one might believe, given recent steelmaker rhetoric and the low prices of steel stocks."

Bethlehem is trading near book value (net worth on its balance sheet) with a price-to-earnings ratio of just 8, or less than one-third of the average stock.

Escalade Inc. Jay Weinstein, the small-cap specialist who heads Oak Forest Investment Management in Bethesda, Maryland, likes Escalade. The company has two highly profitable businesses: It makes and sells office products like check signers and letter openers (\$30 million in sales) and sporting goods like archery equipment (\$70 million). Mr. Weinstein predicted earnings of 2.50 this year, which puts the P/E at a mere 7, based on its Friday afternoon price of \$17.75.

Envoy Corp. This small company (market cap: \$1.1 billion) provides an increasingly important service. Its network tells doctors' offices about the insurance eligibility of patients. Envoy offers other data-exchange and transaction-processing services, too, and its profits are growing swiftly. Envoy is the No. 2 holding of Phil Trickett's

Transamerica Premier Aggressive Growth Fund, which returned 84 percent last year.

Federal National Mortgage Association. For high return and low risk, it is hard to beat Jim Gipsen's Clipper Fund, a large-cap value fund that has had a five-star rating from Morningstar for 10 years. One of Mr. Gipsen's largest holdings is a stable portfolio of Fannie Mae, which provides home financing for millions of Americans by buying mortgages from smaller

institutions, holding them or packaging and selling them to investors. Fannie remains a phenomenon, increasing its earnings and dividend by 15 percent nearly every year.

General Electric Co. If you don't own GE, get some. That is the advice of Merrill Lynch & Co., which recently published its "Collective Wisdom Portfolio" — 15 U.S. stocks for 1999. GE is probably the best company in the world, which is a good reason to own it. But I am particularly enamored of the dividend, which grows by about one-seventh every year, meaning that it doubles every five years.

International Business Machines Inc. Thomas Kraemer, one of the Morgan Stanley Dean Witter & Co.'s technology analysts, is enamored of IBM, saying that it "currently enjoys the strongest fundamental position in the past decade."

Mr. Kraemer predicts earnings of 7.77 this year for a forward-looking P/E of 23, which is modest for a computer stock.

Needle SA: The managers of Tweedy, Browne Global Value Fund like Needle SA, the consumer packaged goods company, with a market cap of \$107 billion and factories in 77 countries. Needle stands to gain as the world eats better. It is a well-managed company with a rising dividend.

Safeskin Corp. This is a company that makes disposable latex gloves for physicians, scientists and dentists. The stock is down more than half from its July high despite a soaring revenues. What's the problem? Timothy Vick, editor of Today's Value Investor, notes that analysts worry about cost-cutting by hospitals and about "the company's ability to manage inventories and receivables during this rapid buildup phase."

Still, Mr. Vick loves the stock. He sees Safeskin as a takeover candidate with a relatively low P/E — just 21 for a company increasing profits at 25 percent a year.

Washington Post Service

A Mixed Bag of Top Picks Culled From the Experts' Picks

EACH JANUARY, I have offered readers a list of 10 stocks to consider, culled from selections from choices of analysts whose opinions I value. For the first three years, the lists returned the same as Standard & Poor's 500 Stock Index.

But not last year. Our 10 stocks returned a mere 18.2 percent, compared with 31.6 percent for the S&P and 23.0 percent for the Dow. (All figures are for the year that ended Wednesday.) That knocked our four-year average down to 26.6 percent (still awfully nice) against the S&P's incredible 30.6 percent.

What happened? The short answer is that the S&P does not tell the whole story for 1998. Jeffrey Warrant and John Manley Jr. of Salomon Smith Barney Inc. noted that very big U.S. stocks (of which our list contained none) did very well while other stocks ranged from mediocre to terrible.

The Salomon researchers found that stocks with market capitalizations of more than \$20 billion increased in price by 26 percent in 1998 while mid-caps (valued at \$2 billion to \$5 billion) fell 6 percent and the smallest stocks (under \$250 million) fell 24 percent.

"If your portfolio trailed the S&P 500 by less than 15 percent," they wrote, "you still managed to outperform 72 percent of all the common stocks you could have chosen." Indeed, 86 percent of active money managers failed to beat the broad market average.

Why did the averages look so good? The big guys soared, and

since the S&P is weighted by capitalization (giving the largest stocks the most influence), they pulled the numbers up. Only 10 stocks accounted for 43 percent of the increase in the S&P. We also picked too many stocks based on value rather than growth.

This year, the list is better balanced, both for size and style. Here are 1999 picks, with the usual warnings: First, I do not believe in owning stocks for only a year, so consider these shares as long-term holdings. Second, these stocks are the selections of other analysts — although, in other cases, I am the one who made the specific choice from a larger list of stocks held or recommended by each. But this is not my own 10-best list, and, under the Washington Post's conflict-of-interest rules, I cannot own individual stocks. Third, Don't run out and buy the whole portfolio. Instead, use the ideas as a starting point for your own research. Fourth, no guarantees.

America Online Inc. William Miller of Legg Mason Value Trust is the top U.S. fund manager of 1998. At year-end, he had two huge holdings. Dell Computer Corp. representing 10 percent of his assets, and AOL, at 8 percent. I continue to like AOL, which is becoming more like a phone company than a provider of irresistible content. The question is whether AOL can make the transition from a world of copper wire to cable.

James K. Glassman ON INVESTING

value (net worth on its balance sheet) with a price-to-earnings ratio of just 8, or less than one-third of the average stock.

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Koala Corp. Koala makes those diaper-changing stations at public restrooms around the globe. With 300,000 stations installed, Koala has a 70 percent share of a growing market, and it is now making booster seats, car seats and play equipment. Profits are growing at more than 25 percent annually with margins in the upper-teens. All six analysts who follow the stock call it a "buy," and Forbes has put Koala on its list of the 200 best small companies in America for the past three years. The stock was recommended by Ed Effenbein, editor of Microcap Digest.

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THE MONEY REPORT

In Italy, Euro Means More and Less

Single Currency Creates New Penny Stocks, but Do They Have Value?

By Stephanie Apap Bologna

ALL OF A SUDDEN, Italy has a variety of penny stocks, but investors will have to dig to find any of value.

The advent of the single European currency has changed the nominal prices of some shares that once traded in the thousands of lire to less than a euro.

Several of these newly minted penny-stock companies reportedly are considering reverse stock splits to raise their trading prices to what might be seen as more respectable levels.

Analysts said, however, that this accounting exercise probably would not help much, and might do some harm.

In a reverse stock split, a company combines several of its shares into one, raising the nominal value of the remaining shares. If a company with

shares trading at 50 cents executed a 1-for-5 reverse split, for example, an investor with 100 shares would end up with 20 shares that theoretically would be worth 2.50 euros each.

But just as regular splits can encourage a stock's price to rise, a reverse split could have a dampening effect.

"It's a difficult option," said Andrea Ruggeri, an analyst for Italian small-cap companies at Goldman, Sachs & Co. in London. "If a company were to push up the nominal value of the share price, it will lose its liquidity."

Subsequently, he explained, there would be fewer shares on the market and, as a result, they probably would trade less actively than the more numerous but lower-valued pre-split securities.

As with other small companies, investors should look at growth rates and liquidity rather than basing a purchase decision solely on a low share price.

Nicolas De Nobili, first vice president of Merrill Lynch & Co. in Milan, said one of the best small-company buys in Italy was Carraro, a maker of components for tractors.

Trading at 4.64 euros, it is a top 1999 pick on the Merrill Lynch pan-European small-companies buy list. Merrill has set a 12-month price target of 6.46 euros for Carraro.

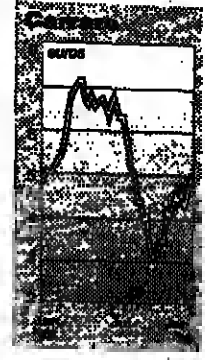
"It's becoming a major supplier to major companies on a worldwide basis," Mr. De Nobili said.

Another small company to look out for is Saffio SpA, which makes glasses and designer eyewear products. It currently trades at 4.18 euros.

"Saffio has been building its operations aggressively through acquisitions," Mr. De Nobili said.

For now, the company has 40 percent of its sales in the United States, but it is rapidly gaining market share in Europe and is not far behind Luxottica SpA, the market leader.

Merrill is less optimistic about this issue than about Carraro. Its 12-month target is 4.80 euros.



Cheap Picks: Gems of a Veteran Value Investor

By Aline Sullivan

TEXAS MICRO Inc. is the pet stock of the veteran investor Marty Whitman of Third Avenue Value Fund in New York. "We love this company because of what it makes — ruggedized computers — and because its shares are still so cheap," he said.

The company, which was founded in 1975, is more formally defined as a manufacturer specializing in the design, production and integration of open-system computing platforms for telecom, Internet and industrial specific applications.

Its CompactPCI CP80 product line was recently selected as the 1998 product of the year by CII and Computer Telephony, the two leading trade magazines for the computer-telephony

integration industry.

Michael Stewart, the company president and chief executive officer, said this week, "We look forward to following up on this leadership position in 1999 with the release of several new products and services for the telecom market and finalizing several design win opportunities with several of the leading telecommunication equipment manufacturers in the world."

Texas Micro trades on Nasdaq, where its shares were valued at about \$4.20 in recent trading.

Another Texas company, American Physician Partners, is also a favorite of Mr. Whitman.

The company was below \$5 late last year, though recently it has risen to \$6, a

little more than half its 52-week high.

That is a deep discount off its net asset value, Mr. Whitman said.

Investor worries about excess capacity caused by over-investment in the medical practice management industry have depressed shares.

American Physician provides radiology services through affiliated radiology practices with a focus on the development, consolidation and management of integrated radiology and imaging center networks.

Its network comprises 258 physicians, 50 hospitals and 79 diagnostic imaging centers in California, Florida, Kansas, Maryland, New York, Texas, Virginia and the District of Columbia.



Looking Long Is the Best Defense

Amid Uncertainty, How Gartmore Manager Beats the Markets

SINCE ROGER GUY began managing the Gartmore Continental Europe Fund in November 1995, he has comfortably outpaced the performance of European stock-market averages. During his three-year tenure, the fund has returned 134.2 percent, compared to a 105.8 percent increase in the benchmark Morgan Stanley Capital International Index of Continental European shares. That puts Gartmore Continental Europe, which is domiciled in Jersey, in the Channel Islands, sixth-best among the 98 European growth funds tracked by Lipper Analytical Services.

Mr. Guy spoke with *Conrad & Aelle* about trying to keep ahead of the averages and the competition in turbulent markets.

Q. How much harder has it been to manage your fund with the volatility that has been in the markets since last summer?

A. Volatility creates uncertainty, and uncertainty makes life more difficult. You can very easily be caught out, depending on which way the market moves. We just reduced some of the major bets we had on; we were quite overweight utilities, pharmaceuticals and food retailers, and we made sure we were not overweight any more. Now we are only overweight basic industries and overweight telecoms.

Q. There was a broad consensus before the decline that European markets had brighter prospects than Wall Street, yet their recovery has been comparatively sluggish. Does that dim your long-term outlook for European equities?

A. They've had a huge bounce from the bottom, but they had a larger fall. They had performed strongly before, then when the downturn came they got hit harder. We still feel the long-term prospects are excellent. We've seen a number of merger announcements; there are a lot more positive things to come.

Q. What effect will Economic and Monetary Union have?

A. We think there's a tremendous amount of rebalancing still to go [in the way assets are allocated in equity portfolios]. Estimates seem to vary quite a bit, but there could be 70 to 80 billion of rebalancing over the next couple of years. Obviously people don't tell you when they've done it, and it's very hard to keep a track on it, but we think some of it has already been done. But the longer-term arguments are still there.

Q. You mentioned the state of mergers being announced. In fact, "restructuring" has become the mantra for European investors. How big a theme is it in your stock-picking?

A. I think restructuring is the one thing that will probably be brought forward after all the uncertainty we're seeing now; it was always on the cards for Europe. What I would expect to see in the next few months is some substantial amount of job cuts as companies have to adapt to the lower-growth environment. The good thing with Europe is that if there is a recession, profit margins are far lower than they are in the States, so there still is a lot of fat to be chopped out of European companies. That could protect earnings somewhat in a downturn.

Q. One of your largest holdings is Unilever, whose restructuring has not set the market alight. Is it purely a safety play?

A. We very much like the stock. [Unilever's management] has done a very good job in turning the company around. They suffer the problem of all European stocks in not being focused on shareholder value. They made a lot of expensive acquisitions over the years, and I think they suddenly realized a year or two ago that none of these acquisitions had actually paid their way. We just thought the underlying business was looking very attractive. When we bought the stock it was on a discount to U.S. peers. We actually saw it as [likely to have] stronger growth in the next couple of years.

Q. You cut your stake in UBS during the market's decline, which hit bank stocks more than most. Now it's your largest holding. Were there fundamental factors that led you to change your opinion of UBS twice in a couple of months?

A. With the volatility that was happening when the financial system looked like it might be coming to an end — without being flippant, it could have easily happened; it's quite easy to contract a scenario where the banking system was in difficulty — the banking sector was not a place you wanted to be, so we reduced our positions. When we had gotten through that awful phase, the stocks that did worse in the downturn did better in the up phase. We like UBS as a company, and it had fallen further than other European financials.

Q. One of your largest positions is in Bayerische Motoren Werke AG. That seems an odd choice, given the poor economic outlook.

A. We have a low weighting in other auto stocks, and we've actually reduced our weighting in BMW. It had a bounce from 1,000 [Deutsche marks per share] to 1,300. We took some money out of it. Its management is very conservative, its accounts are very conservative. We think the problems in [its British subsidiary] Rover have been given too much air time. The stock is at half its high; there's a lot of negative sentiment. We don't like the auto sector much, but it's our favorite company in the sector.

Q. Your portfolio is still more defensive than it was before the market sold off. Does this mean you think the rebound was premature?

A. We're more defensive than we were, not because the recovery doesn't have staying power. It's global uncertainty that's affecting Europe. Who am I to say what's going to happen in Brazil and Japan? It's a case of reading bets [relative to index weightings] rather than becoming more defensive.

FOR INFORMATION on the Gartmore Continental Europe Fund, call 44 1534 84 84 84 or fax 44 1534 84 84 84. Gartmore's Web address is www.gartmore.com.

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For information please contact,
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WORLD ROUNDUP

An Irish Ryder Cup

GOLF The Ryder Cup's soaring popularity was recognized on Friday with the choice of the K Club outside Dublin to stage the 2005 event. Officials say the Irish course will hold up to 40,000 spectators.

The Arnold Palmer-designed layout, about 20 miles (30 kilometers) southwest of Dublin, was named as the venue by Ken Schofield, executive director of the PGA European Tour. It marked the first time the biennial matches between the United States and Europe will be held in Ireland.

Schofield pointed out the event's recent growth and said the Ryder needed to find a site with room for galleries — a shortcoming of the 1997 Ryder Cup at Valderrama in southern Spain.

Warne to the Rescue

CRICKET Shane Warne had to intervene to halt an unruly crowd that threatened to stop Australia's march to an emphatic nine-wicket win over England at a packed Melbourne Cricket Ground on Friday.

With tensions rising as Mark Waugh and Ricky Ponting hit runs at will, Warne made a personal appeal to the crowd of more than 82,000 to stop hurling golf balls and even beer bottles as England's batsmen were skittled out for an embarrassing 178. Waugh and Ponting ripped into their opponents bowling to see the home team pass the victory target with more than 10 overs to spare. Play was halted for nearly five minutes at one stage and, if not for the intervention of Warne, the game might have been stopped completely. (AFP)



Shane Warne appealing to the Melbourne crowd on Friday.

De Boer Brothers Quit Ajax, Ending Dispute

Barcelona Signs Twins for \$22 Million

AMSTERDAM—Ronald and Frank de Boer became the latest members of Barcelona's Dutch colony when they joined the Spanish club from Ajax Amsterdam for \$22 million on Friday.

Ajax announced the news in a brief statement, adding that the players, currently on tour in South Africa, would join Barcelona immediately.

The agreement, still to be confirmed by Barcelona, ends a long dispute between the two Dutch internationals and the Amsterdam club.

This summer the twins said they wanted to leave, despite having signed a contract in March 1997 until 2004. When Ajax objected, they vowed never again to wear the Ajax colors and refused to train with the club from July until September. Then club and players reached a compromise. The brothers agreed to play out the season with Ajax, while the club said it would work on a transfer for the end of it.

The dispute flared up again recently as Frank de Boer urged Ajax to agree to let him and his brother go by the end of the Dutch winter break.

Ajax on Friday blamed Barcelona for holding out on the deal. "From the first moment, we worked with Barcelona on the basis of both de Boers going," the club secretary, Arie van Os, said. "In November, they offered a sum that was lower than that agreed by the arbitration committee. Then they were interested in just taking Frank de Boer."

"Yesterday, at six o'clock, they realized that was impossible and Ajax got

the price they wanted," he said.

Van Os said the club regretted the departure, but welcomed the transfer given the circumstances. "We did at least prove that there is value in a contract," he said.

The arrival of left-footed center-back Frank and the midfielder Ronald brings the number of Dutch players on the playing staff at Barcelona to eight, plus Coach Louis van Gaal.

Nigerian Striker Joins Arsenal

Arsenal finally signed the Inter Milan and Nigeria striker Nwankwo Kanu on Friday, with manager Arsene Wenger admitting the £4 million (\$6.6 million) purchase represented a big gamble, Reuters reported from London.

The center-forward was signed only after an exhaustive two-and-a-half hour medical that included a specialist check-up from a cardiologist. Kanu, 22, spent 11 months out of the game after doctors found a defective valve in his heart. He returned in August 1997 but underwent knee surgery only two months ago.

Wenger compared the signing of Kanu, on a four-and-a-half year contract, to his £7 million purchase of Marc Overmars in 1997. At the time, there were doubts whether Overmars could recapture his form of the mid-1990s because of major knee surgery.

But Wenger was proved right, with the Dutchman helping Arsenal to the league and cup double last season. Wenger said Friday: "It is the same type of gamble I took with Overmars, and I will be happy if we get the same kind of result."



PICTURE POSTCARD — A skier passing Mt. Elger on Friday in preparation for Saturday's World Cup downhill in Wengen, Switzerland.

Playmaker For Carolina Catching On

The Associated Press

The adjustment period might be ending for Roo Francis.

Signed by the Carolina Hurricanes in the off-season for \$21 million after he spent seven-plus seasons in Pittsburgh feeding Mario Lemieux and Jaromir Jagr and helping to win two Stanley Cups, he has struggled with his new team. But Francis, 10th on the National Hockey League's career scoring list, had his first three-point game for Carolina on Thursday night, assisting on all three goals in a 3-2 victory over the Florida Panthers.

He set up Glen Wesley's game-winning goal with 41 seconds left with a perfect pass from the corner. "I took a quick peek before I made the pass," Francis said. "You hope he's going to stay where he is."

Being at the right place at the right time has often been a problem for Francis and his Carolina teammates. "I talked about a learning process and I think I'm trying to learn how different guys play and how they react and they have had to learn how I handle the puck and where I love to pass it," said Francis, who has 19 points in 42 games.

It appeared that the two teams battling for first place in the Southeast Division were headed to overtime after Florida's Peter Ratchuk scored his first NHL goal with six minutes left in the first period. But Francis fed Wesley in the final moments and the veteran defenseman beat a former Carolina goalie, Sean Burke, for the game-winning.

Red Wings 2, Predators 1, OT in Detroit. Vyacheslav Kozlov's goal 2:20 into overtime gave the Red Wings a victory over the Nashville Predators.

Senators 3, Devils 2 in Kansas City, Ontario. Andreas Johansson scored at 12:47 of the third period as the Ottawa Senators beat New Jersey and extended their winning streak to five and their unbeaten streak to 10.

Stars 3, Canucks 1 in Vancouver. Boris Mironov scored the go-ahead goal in the second period as the Edmonton Oilers continued to dominate the Vancouver Canucks.

The Canucks captain, Mark Messier, got his 1,040th career assist in the first period, tying him with Marcel Dionne for fifth on the NHL's list. Wayne Gretzky is the all-time assists leader with 1,964.

Kings 3, Flames 0 in Inglewood, California. goalie Jamie Storr won his 15th consecutive start and Donald Audette set up two goals by Luc Robitaille as the Los Angeles Kings beat the Calgary Flames.

IOC: In Wake of Salt Lake City, a Special Meeting on Expulsions and Overhaul of Bidding

Continued from Page 1

ations about the members to the executive board the following day.

Mr. Samaranch said that nine members were accused of "serious" offenses that could result in expulsion and that four were cited for minor violations.

Mr. Samaranch said the executive board could suspend any members found guilty of serious misconduct. Recommendations to expel members would go to the full assembly, where a two-thirds majority vote is required for expulsion.

The director general of IOC, Francois Carrard, said Friday that about half the IOC had replied.

Asked why the meeting would not take place until March, Mr. Carrard said: "We have members all over the world. We want to be sure to reach

everybody. This is the shortest deadline we can reasonably give."

The March session also will address proposals to revamp the selection process for Olympic host cities. Mr. Samaranch has suggested banning visits by IOC members to candidate cities and leaving the selection to the executive board or other smaller body.

"The system we have today is not working," he said.

Mr. Samaranch said visits by IOC members to bid cities were not necessary because the committee already had a group of experts who inspected the sites and reported on the logistical and financial merits of each bid.

Suggestions from other top IOC officials include allowing the general assembly to vote after the board has narrowed the field to two or three finalists.

Any new process should be in place before June, when the 2006 Winter Games site is to be chosen at an IOC session in Seoul. (AP, Reuters)

U.S. Olympic Official Resigns

Jere Longman of The New York Times reported earlier.

An executive of the U.S. Olympic Committee has resigned after it was disclosed that he also had a business relationship with the Salt Lake Olympic Organizing Committee.

Alfredo LaMoot was the director of international relations for the U.S. group. The U.S. Olympic Committee did not disclose the relationship except to say that it had been through the office of Tom Welch, who resigned in 1997 as president of the Salt Lake committee. One Olympic official said Thursday

that Mr. LaMoot had received a four-figure fee monthly from Salt Lake City under a consulting contract, but the official was not certain whether the contract was still in effect.

Olympic officials, speaking on the condition of anonymity, have identified 10 of the IOC members under suspicion. Seven were linked previously to the Salt Lake City scandal and have denied wrongdoing. They are Anton Giesenk of the Netherlands, Jean-Claude Gangs of Republic of Congo, David Sibande of Swaziland, Bashir Atarabulsi of Libya, Agustín Arroyo of Ecuador, Sergio Samadani Panini of Chile and Pjotr Haegeman of Finland.

A one IOC official said letters also had been sent to Vitali Smirnov of Russia, Lamine Keita of Mali and Charles Mukora of Kenya.

A Tale of Two Mikes: Tyson, Unlike Jordan, Bemoans His Talents

Los Angeles Times Service

LAS VEGAS — In Chicago, one Michael returns. In Las Vegas, another Michael returns.

Michael Jordan departs the Chicago Bulls on top of his game and on top of the world, loved and admired, a role model to the end.

Mike Tyson comes back to fight Francois Botha on Saturday night after a 19-month absence from the ring in search of all that Jordan had, his own once-unquestioned spot atop the boxing world oozing highly suspect, his role never considered a role by society.

Tyson never seemed to care about that in the past. Let the other Michael sell the shoes, push the cologne and co-star with cartoon characters in the movies.

Tyson didn't seem to want to be like Mike, the basketball player. But then, he didn't want to be like Mike, the boxer, either. He loved those precious moments in the ring when he could

unleash his rage on opponents. But he hated all that went with the heavyweight championship — the spotlight, the crowds, the media, the endless news conferences and the overall scrutiny.

Jordan fed off the fame, using the opportunity afforded by his talent to build a sparkling image and a financial empire, largely avoiding the temptations of evil with the exception of a few ill-advised wagers.

But where Jordan saw his skills as a blessing, Tyson saw his as a curse. He could no more avoid trouble than his opponents could avoid the devastating punches that knocked them senseless.

Tyson sees himself as a victim of his past, an unavoidable product of a childhood spent in the roughest streets of New York. But ultimately, he has to take responsibility for his misfortune.

There could be no one else to blame for the rape conviction that landed him in prison, for the choice of handlers that

left him near financial ruin, for the earnings incident against Evander Holyfield that cost Tyson a year and a half of his career.

But as he prepared to face Botha at the MGM Grand Garden Arena, Tyson seemed to be making a genuine effort to come in from the cold rejection of so many. He has trained diligently, listening to his trainer, Tommy Brooks, working on regaining the ring techniques he long abandoned, signing autographs and meeting for long sessions with the media.

It was at one such session earlier this week, in a dressing room near the arena, that Tyson revealed an incident that helped lead to his turnaround.

Just recently, he learned that Cos D'Amato, the man who discovered him as a teenager and became his mentor

before dying in 1985, had left Tyson money in an individual retirement account that has grown to \$200,000.

"The longer you live, the more you find out about people," Tyson said. "I used to spend \$200,000 on belts and underwear and champagne for girls in nightclubs so it's an insignificant amount, but now I understand the saying, 'It's the thought that counts.'"

"It made me feel better to know there are good people in the world because what I do attracts scumbags," he said.

Tyson bemoaned the fact that he had so much success so early, that he became heavyweight champion at 20. "I was really screwed up," he said. "I wasn't ready for it. I should have been put in jail then. When they made me a champion, they truly screwed me up. I could have done a lot more with a lot less."

Tyson covered a wide range of people and topics in the interview, from Machiavelli and Nietzsche to his views of God and his opinion of his place in the boxing world. He was philosophical, funny, boastful, a humble victim in one sentence and an arrogant aggressor in the next.

But above all, he portrayed himself as a man who was sincerely trying to overcome a life full of regrets.

When the session was over, Tyson apologized to reporters as they filed out over some coarse language he had used and the anger he had demonstrated.

And yet, only 24 hours later, while talking on a television feed to reporters all over the country, Tyson reverted to his evil side, unleashing a stream of four-letter words. At 32, on the verge of a much-anticipated comeback, Tyson remains a complex work in progress. But this much seems obvious: He still has a long way to go to be like Mike.



Muhammad Ali making an appearance before the Tyson fight.

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CENTRAL DIVISION

WESTERN DIVISION

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BASKETBALL

U.S. COLLEGE SCORES

THURSDAY RESULTS

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SOUTH AFRICA VS. WEST INDIES

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TRANSITION

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THE WEEK AHEAD

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SPORTS

Tennis Tours Get Down to Business

On Eve of Australian Open, Aides Tackle Off-Court Nitty-Gritty

By Christopher Clarey
International Herald Tribune

MELBOURNE — The Australian Open begins here Monday without Pete Sampras, but with every other player who matters in men's tennis and nearly every player who matters in women's tennis except for the 1998 Wimbledon finalist, Nathalie Tauziat of France, and the 1997 French Open champion, Iva Majoli of Croatia.

But not all the meaningful activity will be restricted to the court in Melbourne. There are also significant off-court issues to address. The WTA Tour is currently negotiating with five different companies and hopes to agree to terms with one before the end of this tournament on Jan. 31. The ATP Tour is also at a pivotal moment in negotiations with its top nine tournaments, currently known as the Super 9 and which include the events in King Biscayne, Indian Wells and Cincinnati.

The Tour announced an agreement with the nine events in November, but the terms have yet to be finalized and

Tour officials and their marketing representatives will meet with the Super 9 tournament directors again in Melbourne next week. According to Patrice Clerc, the French Open tournament director who also runs the Super 9 indoor event in Paris, "In principle we are in agreement but the devil is in the details."

Clerc said that combining the marketing and television rights into one package for all nine tournaments was complicated but that significant progress had been made, which is precisely what the ATP Tour must make if it is to snuff out any further attempts by Boris Becker or his corporate allies to lure away tournaments or players to a re-structured tour.

"The nine and the ATP Tour are together and I think we now have a good sense of what the value of our product is," Clerc said. "If the ATP Tour's financial offer is acceptable to the nine, there is no reason we won't deal with them. But if the offer is not sufficient, I think the nine are ready to hear what others might have to offer."

There is also the issue of Petr Korda, whose one-year suspension for his positive test was overturned by an independent appeals committee appointed by the International Tennis Federation. The ITF since has announced plans to appeal that decision to the Court of Arbitration for Sport in Lausanne. But Korda's lawyers are now trying to block that move in the United Kingdom, saying the ITF is not entitled to appeal the ruling of its own appeals committee.

"Before we lodged our appeal, we took independent legal advice," said an ITF spokesman, Alan James. "That is why we took our time considering our options, but we do believe we have that authority in our rules to appeal to a higher court."

James said player protest over Korda's rescinded ban was "a factor" in the ITF's decision to appeal. "We absolutely were thinking about it before the players responded; it was not a knee-jerk reaction on our part, but their comments certainly played a role," he said.

The ATP is holding a meeting on Saturday in Melbourne to provide players with a detailed explanation of how the joint drug-testing program administered by the ITF, the ATP and the

WTA operates. Korda is expected to be present at that meeting. ITF officials are not expected to attend.

"The ATP want to go through the program, gauge the reaction of the players and then speak to us," James said.

James also said the ITF would put forward a recommendation to the ATP and the WTA that they endorse the International Olympic Committee's call for a two-year ban in all Olympic sports for first-time drug offenders. Tennis currently has a one-year ban for players who test positive for performance-enhancing substances such as steroids. The IOC, which will stage a drug summit meeting in Lausanne in early February, has said that federations that do not comply with its proposed common drug policy risk expulsion from the Olympics.

"The ITF support it in principle," James said. "We would fall into line with the two-year ban but such bans would still be subject to modification or review by our appeals committee."

Hings and Davenport Line Up

The top two contenders for the women's crown at the Australian Open, Lindsay Davenport and Martina Hings, set up a pre-Melbourne showdown with semifinal victories Friday at the Sydney International, Reuters reported.

But their performances at the Sydney International gave few clues to the year's first Grand Slam event, where defending champion Hings will be hoping to topple Davenport from the top of the rankings.

World number one Davenport was patient and effective, but still well short of last season's best, as the ousted Steffi Graf, 6-2, 7-5. Graf, 29, who held the number one ranking for a record 186 consecutive weeks, briefly threatened an upset with some killer forehands in the second set but paid the price for hard-fought victories over both Serena and Venus Williams in earlier rounds.

In the other semifinal, Hings held her nerve to see off a surprisingly fierce challenge from Austria's Barbara Schett. The 24th-ranked Schett looked set for victory after breaking Hings to take a 6-5 lead in the third set, but an incredible retrieve by Hings around the post gave the Swiss two break points in



Mark Philippoussis on a hot day on court Friday in Melbourne.

the next game and allowed her to break back. Hings took the match, 6-3, 3-6, 7-6 (7-5).

In the men's draw, the American Todd Martin, 28, was in devastating form, blasting past gritty former world number one Thomas Muster, 6-2, 6-1. Despite the score, the Austrian baseliner did put up a fight. But Martin, world ranked No. 16, served 14 aces and fired winner after winner.

Martin will meet Spanish top seed Alex Corretja, who ground out a 7-5, 6-4 victory over the defending champion, Karol Kucera of Slovakia, in the last semifinal of the day.

The Barcelona baseliner has been seeded second for the Australian Open and with world number one Pete Sampras missing the tournament and top seed Marcelo Rios under an injury cloud he could well leave Melbourne as the world's top-ranked player.

Philippoussis Downs Chang

Mark Philippoussis surged into the final of the Kooragang Tennis Classic Event in Melbourne on Friday, coming back from a set down to defeat Michael Chang. Agence France-Presse reported from Melbourne. Philippoussis, known for his booming serve and ferocious ground strokes, overcame an early setback to win, 6-7, (2-7), 7-5, 6-3, to set up a showdown with Sweden's Thomas Enqvist in the final Saturday.

Polti's New Naughty Boy: Virenque to Ride After All

By Samuel Abt
International Herald Tribune

PARIS — Anybody out there remember the Alka Seltzer commercial that warned against trading a headache for an upset stomach? You do remember it? Franco Polti doesn't.

Polti, the head of an Italian company that makes electrical appliances, sponsors the professional bicycle team that bears his name and that ranks fifth in the

BICYCLING

world. He announced at a news conference in Paris on Friday that the team had hired Richard Virenque, the bad boy of French cycling, while firing Luc Leblanc, the somewhat reformed and definitely faded bad boy of French cycling. Make that Alka Seltzer a double.

Neither announcement was a surprise, the rumors having flown about Leblanc for months and about Virenque for a week. "He's a great rider," Polti said of Virenque. "He's got character. That's why I said let's sign Virenque. I like riders like Virenque."

He was also forthright enough to say that his company is hoping to double its business — vacuum cleaners, irons, coffee machines — in France and thought a French star would attract publicity.

Virenque returned the compliments. "I'm happy and proud that Mr. Polti has shown confidence in me," he said as photographers cried "Richard!" in a perfect imitation of the way French teenage girls do — or did before he was implicated in a drug scandal and expelled from last year's Tour de France. "It's a chance to restart my career," he added. "I thank the boss for giving me this opportunity." Both he and Polti used the word "rehabilitate" often.

The contract is for two years and no salary figure was made public although, with performance bonuses, it is believed to equal the \$1.5 million he made last year with Festina, a French team.

Yes, that's the same Richard Virenque who announced in a hissy fit a month ago that he was retiring at the age of 29 because nobody believed in him. Translated, that meant nobody would hire him after the Festina team was

ousted from the Tour de France on charges of having used illegal performance-enhancing drugs.

Six of the nine members of that team have admitted using the drugs, mainly the artificial hormone EPO. The holdouts are Neil Stephens, an Australian who has since retired; Pascal Hervé, a Frenchman, and Virenque, who has insisted since the Tour that he has never failed a drug test but has not said that he did or did not participate in Festina's organized doping program.

The evidence against him includes testimony by his former directeur sportif, team doctor and his masseur and confidant. Virenque still faces hearings on the charges and a possible suspension.

Virenque insisted that his announcement of his retirement last month was sincere, while noting that he had been negotiating with Polti since October. After his announcement, two teams in Spain and two in Italy, including Polti, intensified negotiations. The sticking point with all of them was money: Virenque makes a lot of it for a rider with few victories. Virenque said he was unsure of his program with Polti, which has a strong climber in Ivan Gotti, who won the Giro d'Italia in 1997.

"I hope, I wish to participate in the Tour this year," Virenque said. "The Tour is my reason for living." He said his priorities were the Tour, the Vuelta a Espana and the world championships, which will be held in Italy this year.

Much less attention was paid to the fate of Leblanc, who did not attend the news conference. Bashful and self-centered, Leblanc might have been a role model for Virenque, with whom he has feuded for years.

Now 32, Leblanc has not had much success the last few seasons and was let go, although his contract still has a year to run, for unspecified reasons. One of them may have been the way he unilaterally withdrew from the Tour last

summer to protest doping investigations. In a discreet way, Polti said, "We've given Leblanc a lot of chances." Stanga offered a bit more: "It's up to the lawyers now. As far as we're concerned, he's no longer with the team. But if we have to take him back, we'll take him back."



Martina Hings bouncing racket before bouncing Barbara Schett.

Falcons In for Trouble

By Mike Freeman
New York Times Service

Falcons (15-3) at Vikings (16-1) The Falcons have the pedigree. Their coach, Dan Reeves, is only one of three coaches to take teams to conference championships (Bill Parcells and Chuck Knox are the others). They have the confidence. The running back

NFC CHAMPIONSHIP

Jamal Anderson said this week he was not intimidated by the Vikings. They have the offense and defense. Atlanta averages 342 yards a game of offense, and the Falcons' defense is rated third in the conference.

The Falcons seem to have everything, so why won't they beat the Minnesota Vikings? Because while Atlanta is impressive, the Vikings possess potentially the best offense of all time. They have unparalleled explosion, especially at home, where they are un-

beaten this season. To beat the Vikings, a team cannot play conservatively, which the Falcons are sure to try. Atlanta will try to duplicate the game plan of the only team that beat Minnesota this season, Tampa Bay. The Buccaneers used a pounding running game and kept the Minnesota offense off the field for much of the afternoon.

But there are two important distinctions. First, the game was on grass, and it somewhat nullified the quick Vikings' defense. Second, the offensive line of Tampa Bay is bigger than Atlanta's, and that made a difference.

Atlanta will score some points, because Anderson will probably gain over 100 yards, but the Falcons will see what each team has come to the Metrodome has all season — it is a different ball game in the Vikings' house. They jump on you quick; then, when you fall behind, 14-3 or 17-7, the crowd becomes a significant factor in the game. A close game early becomes a blowout in the end. Prediction: Vikings, 38-20



The Broncos' John Elway, who has his eye on another Super Bowl.

Look for Elway to Slip By

By Thomas George
New York Times Service

Jets (13-4) vs. Denver (15-3) Is it coincidence that the top two passers in the conference meet in the AFC championship? Quarterbacks do, after all, color the personality of their teams and greatly affect their teams' achievements. Little wonder that quarterbacks

AFC CHAMPIONSHIP

attract so much scrutiny.

This matchup features a player (the Jets' Vinny Testaverde) who has just begun to smell the sweet aroma of pro success and another (the Broncos' John Elway) who has long been regarded as one of the best ever at the position, who only last season reached the peak of pro football by winning Super Bowl XXXII. This season, Testaverde has outplayed Elway. Can he do it in one game and propel the Jets to Super Bowl XXXIII?

Denver owns a slightly better offense than the Jets. The Jets own a much better defense than Denver. Check out the numbers. For all of the passing, the running game and turnovers in big games always figure prominently. Terrell Davis of Denver averages 5.1 yards a run. Curtis Martin of the Jets averages 3.5 yards a run.

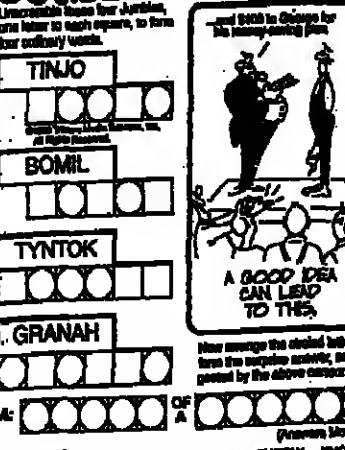
Denver owns a plus-10 advantage in turnovers and the Jets stand at plus 6. The Broncos have won 18 straight at Mile High Stadium but must realize that a road team can topple them, especially because Denver won twice on the road last year (at Kansas City and at Pittsburgh) en route to the Super Bowl.

Though the Jets will be intensely hungry and prepared, Elway will slip past Testaverde, the Denver offense will make enough plays against the Jets defense and slip past the Jets offense in production. Denver will gain a minimal edge in turnovers and the wild Mile High crowd will add a required extra boost. Prediction: Broncos, 28-26.

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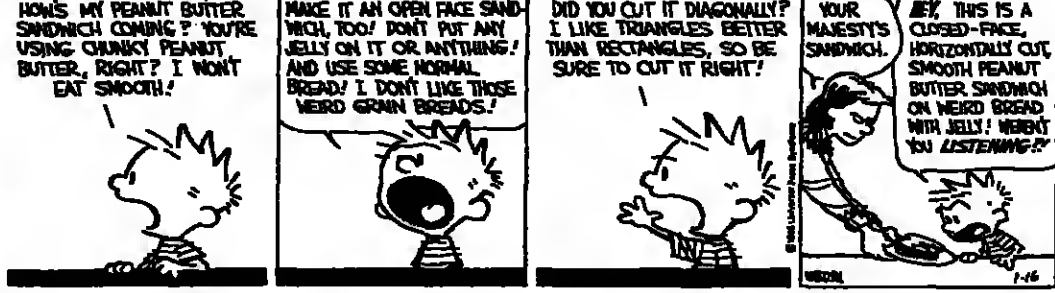
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DAVE BARRY

Presidential Timber

MIAMI — As we, the American people, approach the new millennium, we face many troubling questions. One is: How can we, as a nation, be sure that we have spelled "millennium" correctly?

But an even bigger question facing us, as we approach the year 2000, is: Can we, as a nation, get past the divisiveness, the bitterness, the sliminess — in short, the Jerry-Springer-ness that plagued us throughout 1998? It will not be easy. The American public is still deeply divided, according to a recent Gallup Poll showing that:

- 72 percent of the public agrees with the statement, "President Bill Clinton has been punished enough."
- 71 percent of the public agrees with the statement, "President Clinton has not been punished enough."
- 73 percent of the public agrees with the statement, "The Grand Canyon was created by a race of fierce, prune-eating hamsters from space."

These poll results remind us, as if we needed reminding, that the public cannot be trusted to decide any issue more complex than "eat in" vs. "take out."

That is why we need leadership, defined, in the U.S. Constitution, as "white men in dark suits, and possibly Elizabeth Dole." Even as you read these words, such men are gearing up for the 2000 presidential campaign — one that promises to deliver all the drama and high-voltage, spine-tingling excitement that is evoked by the phrase "Lamar Alexander."

That's right: Lamar — a man who lights up a room the way a Zippo lights up Mammoth Cave — is one of the leading Republicans now "testing the waters." Other potential GOP timbers include George Herbert Walker Thurston Crummet Bush Jr., Steve "51 Years Without Blinking" Forbes, somebody named "John" and the late Calvin Coolidge.

Meanwhile, on the Democratic side, the big news is the official formation of a campaign organization for — get ready — Al Gore. This should come as a big surprise to anybody who has spent his or her entire life locked inside a meat freezer, because Al has basically been running for president since he emerged from the womb, clutching, in his tiny hand, a position paper on breastfeeding. Al's biggest drawback is that he appears stiff in public, to the point where sometimes, when he's carrying out his primary constitutional duty as vice president — which is to stand behind the president and look earnest while the president issues his daily apology to the nation — Al will look down and see beavers gnawing on his shins.

Al's main rival for the Democratic presidential nomination is former Senator Bill Bradley, a man who, in terms of his ability to fire up a crowd, makes Al look like K.C. and the Sunshine Band. Other leading Democrats testing the waters include Gary "Why Not?" Hart and somebody named "John."

So there you have the main contenders in the upcoming presidential race, a.k.a. CharismaFest 2000. Over the next year, each of these men will try to develop a Vision for the Future, defined as "around \$40 million in cash." They will use some of this vision to pay for polls so they can find out what their views are; they will use the rest for television commercials explaining these views in terms that are understandable to the average American voter or cocker spaniel: "Vote for John. You like John. John have same views as you. See John with family! See John wear dark suit! John very good. Other man very bad. Remember: John."

At this point, I think we can agree that America desperately needs a new kind of presidential candidate — not another droning, wingtipped, intero-groping, lip-biting, political clone who can't burp without putting out a press release; but a normal person, a regular guy, a plain-talking "Joe Sixpack" type of individual who has spent his life working in the REAL world, developing honest calluses on his hands and honest sweat stains in both of his armpits from toiling away at the harsh, sometimes brutal, but vitally necessary job of producing one humor column per week.

Does such a person exist? To answer that question, in the next few months I will personally conduct an intensive nationwide search, traveling, if necessary, to all four corners of my office. Let us hope, as Americans, that I find this unique individual; and let us further hope that, if I do find him, I can persuade him to run for president and accept our contributions, preferably in cash. I will keep you posted on my efforts, so you should monitor this space. Remember: Dave.

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An 'Enigma' Returns Triumphant to Broadway

By Matt Wolf

NEW YORK — David Leveaux is drawn to plays that are "killers," he says, and one could argue that this English theater director certainly knows how to slay the New York critics. Although he has worked only three times in the last 14 years on Broadway, where his production of Sophocles's "Electra" — starring Zoe Wanamaker — is now playing at the Ethel Barrymore Theater, on each occasion he has come away with mostly raves. ("Electra" has been extended to more than double its initial eight-week run, and is now scheduled to close on March 28.)

That's an impressive track record by anyone's standard, made doubly so by Leveaux's rigorous choice of plays. He has presented two by O'Neill, including "Anna Christie," a drama that many thought too fogbound and dated to survive a successful run, until his elemental staging with Liam Neeson and Natasha Richardson in 1993. It won a Tony Award for best revival.

Now he has staged a 2,400-year-old Greek tragedy by a dramatist whom Leveaux refers to, with an excited smile, as "the granddaddy of O'Neill."

The director was also nominated for a Tony for "A Moon for the Misbegotten," starring Kate Nelligan and Ian Bannen, with which he made his New York debut in 1984 at the age of 26. He did not attend the ceremonies that year because, he recalled, "I couldn't afford the suit, and it struck me that if Mike Nichols was nominated" — he won for his production of "The Real Thing" by Tom Stoppard — "then that was the way it was going to go."

In between Broadway ventures — and two somewhat less heralded Off Broadway ones, directing new plays by Martin Sherman ("Messiah") and Edna O'Brien ("Virginia") — Leveaux's peripatetic travels have kept him away from New York.

"David's a bit of an enigma to me in terms of his disappearing for a time," said Todd Haimes, artistic director of the Roundabout Theater Company, which produced "Anna Christie." "Perhaps inevitably, the truth behind Leveaux's absences from New York is more prosaic, and has to do with a man motivated, he says, not by some 'fugitive aspect' in his professional life but by 'situations and productions that excite me,' wherever they may be."

Now 41, Leveaux grew up in Derby, in the



David Leveaux, the director of "Electra," is drawn to plays that are "killers."

Midlands, the son of a cardiologist and the second of four children. Today he lives in West London, with his partner, Viviana Durante, a ballet dancer.

"I've never been able to think in terms of how you structure a career," he said in an interview. Some people are very good at mapping a career, he said, but "I'm not, and therefore, I suppose, look like more of a maverick on paper, although to me there is a structure, there is a shape, of a kind."

For much of the last five years, that shape has been provided by Leveaux's post as artistic director of Theater Project in Tokyo, where he spends about a third of every year working — largely through an interpreter.

Leveaux first tackled "Electra" for that company, in 1995. He returned to the play in September 1997, when Wanamaker led an entirely separate production, first at the Chichester Festival Theater south of London and then in the West End at the Donmar Warehouse.

He remembered being "fed" both by his work on it in Japan and by an image he had seen in an amateur documentary of a young

Bosnian girl, perhaps 11 or 12, standing by her brother's grave. The task, Leveaux said, "was how to release the play from its, if you like, academic stranglehold without supplanting aridity with hysteria, which is not an answer either."

He added: "So when I saw that documentary film, I actually saw the play in our world. More than 2,000 years later, you realize that, in fact, Sophocles was a realist; suddenly I saw it was actually both necessary and possible to do the Greeks."

The Japanese production then became what Leveaux termed "an experiment" for an aesthetic that has continued to evolve as he and Wanamaker thought through the play in England and then again, with a different supporting cast at the McCarter Theater in Princeton, New Jersey, and now New York. That cast includes Claire Bloom as Electra's mother, Clytemnestra; Michael Cumpsty as Electra's brother, Orestes; Stephen Spiella as his servant, and Pat Carroll as the Chorus of Mycenae.

"We wanted to go down a route," Leveaux said, "that made as direct a con-

nection between the audience and the experience of this play as possible but did not attempt somehow to make it more convenient by making it more conversational; the play cannot be made more convenient."

Instead, the aim was to wed a very Eastern economy of expression and focus to a "psychological naturalistic suppleness" that, the director said, is no less definably Western. The result, in the adaptation by Frank McGuinness, was a "reducing down to the point of greatest energy" that Leveaux added, was not that far removed from the plays of Harold Pinter — like "Moonlight" and "No Man's Land" — which he has directed to acclaim in London.

"That's what Harold has done in his writing," Leveaux said. "From Hackney" — Pinter's birthplace in east London — "to Tokyo is clearly a vast distance, but the theater has a magnificent ability to collapse distance and time at will."

And having first discussed a Tennessee Williams revival with Wanamaker (the rarely seen "Eccentricities of a Nightingale" was a candidate), Leveaux found himself unleashing a fury in the actress, both adult in its expressiveness and childlike in its primal, unfettered force. Wanamaker's qualities as a child-woman — enhanced by that notable pug nose and her sad, wounded gaze — have emerged even more essentially, Leveaux said, in New York.

"It's this almost childlike presence in Zoe which opened up the possibility of Electra to me," he said. "You must see someone who in a sense has remained in the captivity of childhood because that's literally what Electra is: She has arrived in womanhood without having mediated that. She's not some 19th-century aristocratic heroine; she doesn't suffer like that. She suffers like a child; that's what makes her dangerous."

Leveaux hopes to return to Broadway next season with a revival of Pinter's "Old Times," starring Cherry Jones. It is unlikely though, he added, that Broadway would ever be a full-time home. "In the end, you have to take responsibility for your artistic development, and you can't measure that against bouts of perceived success. It is fantastic when the work one is passionate about coincides with success; it is fantastic. That is all that can be said of it because equally there is work one feels passionate about that doesn't."

Matt Wolf, the London theater critic for *Variety*, wrote this for *The New York Times*.



SPRUNGING UP OSCAR — An artist repainting props for the 71st Academy Awards on March 21.

THE model Jerry Hall has filed for divorce from Mick Jagger, her lawyers said Friday. The law firm Mishcon de Reya said in a statement that it had initiated proceedings on behalf of Hall, who has previously threatened to divorce Jagger over a number of well-publicized indiscretions. The latest involved a Brazilian model, Luciana Gimenez Morad, who says she is pregnant with his child. Hall and Jagger have lived together since the late 1970s and married in 1990. They have four children. Hall first separated from the Rolling Stones frontman in 1992 after he was linked to the Italian model Carla Bruni, but a few months later, she and Jagger flew off for a vacation together and she publicly forgave him. More trouble brewed two years ago, after Jagger was linked to a string of women. Hall consulted a lawyer then but never filed divorce papers. Jagger wooed her back with flowers and presents. Jagger and his first wife, Bianca, were divorced in 1979.

French officials, musicians and fans turned out Friday to pay their last respects

to Michel Petrucci, the jazz pianist and composer who died last week in New York. Among the mourners at the Saint-Roch church in central Paris were the musicians Jean-Michel Jarre, Georges Moustaki, Henri Salvador and Claude Nougaro. He was being buried at the Pere Lachaise Cemetery in Paris.

The film star Gerard Depardieu has returned to the French stage for the first time in 13 years and says he feels more comfortable there than in movies or on television. "It's a different kind of performance. It's more human, more free. I don't have my career mapped out," he told the daily *Le Figaro*. "I do my job like a blue-collar worker." He is appearing in "Les Portes du Ciel" (The Gates of Heaven), by Jacques Attali, at the Theatre de Paris.

The playwright Alan Bennett says he turned down an honorary degree from Oxford University to protest the university's acceptance of money from

Rupert Murdoch. In his diary of 1998, published in the *London Review of Books*, Bennett said he refused because he believed Oxford was wrong in 1992 in accepting £3 million (about \$5 million) from Murdoch, the head of News Corp., to endow a chair in language and communication. Murdoch's companies are involved in publishing and broadcasting around the world but he is probably best known in Britain as the owner of *The Sun*, the biggest-selling tabloid newspaper. Like Bennett, he's an Oxford graduate.

A stalker who threatened in a letter to kill the radio shock-jock Howard Stern has been sentenced in New York to two and a half years in prison. Michael Lance Carvin sent four letters to Stern last spring from Las Vegas. Carvin was arrested in 1975 for pulling a toy gun on the presidential candidate Ronald Reagan. The next year, he was convicted of threatening President Gerald Ford and Vice President Nelson Rockefeller. Carvin served six years of a 10-year federal sentence and was paroled in 1982.

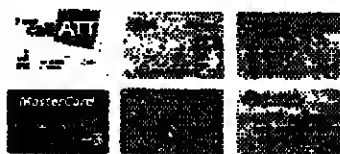


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